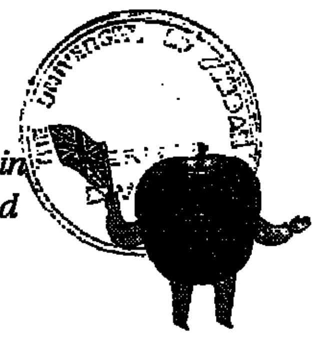
Weekend FT
Inside section II

So what's so funny about Jewish humour?
Page I

Laid-back lazing in the Caribbean and South America
Pages XI-XIII



The growing appeal of traditional apples
Page XIV

Clinton on the rack
Hey, the outside world is very complicated
Page 9

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND OCTOBER 16/OCTOBER 17 1993 D8523A

Russia accused of campaign against ethnic minorities

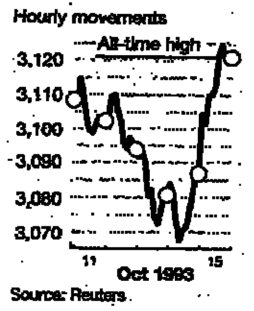
The Russian government has detained thousands of people in Moscow during the past 10 days and used its emergency powers to conduct a campaign against ethnic minorities, international human rights group Helsinki Watch said. Many of those detained had been beaten.

Helsinki Watch said about 17,000 "immigrants", 90 per cent of them from Armenia, Azerbaijan and Georgia, had been driven out of Moscow in what the city's authorities claim is an attempt to cleanse Moscow of crime. Page 24, Moscow tries to plug leakage of dollars, Page 2

Tietmeyer says no early change in EMS: The newly-flexible European Monetary System faces a long probation period before European Community states can return their currencies to the old, tighter grid, Bundesbank president Hans Tietmeyer said. Page 2

Clampdown on VAT fraud: UK Customs plans to station officers in other European Community countries as part of an EC-wide effort to clamp down on value-added tax fraud. Page 6

Footsie closes at record high



Source: Reuters

The FT-SE 100 Index yesterday reached a new trading peak of 3,126.7, fuelled by heavy arbitraging from the stock index futures sector, before closing at a new high of 3,120.8, a gain of 34.5 on the day and 12.2 points on the week. The FT-A All-Share Index also set a new peak, closing at 1541.91, up 0.9 per cent from a previous close of 1527.78. London stocks, Page 15; Lex, Page 24; Markets, Weekend II

UK police in aid fraud inquiry: Fraud squad detectives are investigating the suspected misappropriation of funds from the Overseas Development Administration, which manages Britain's overseas aid programme. Page 24

Japan may end rice import ban: Japan has informally floated a proposal to lift its ban on rice imports from 1999. The proposal will only be presented formally once the US and the EC settle farm trade differences. Page 3

Sculley to leave Apple: John Sculley resigned as chairman of Apple Computer, ending months of speculation about his departure since he gave up his post as chief executive in June. Page 12

Forte link with Ciga: UK hotels and restaurants group Forte said it was to take over management of Ciga, Italian-based luxury hotels group controlled by the Aga Khan. Page 10; Lex, Page 24

Taiwan awaits BAe move: Taiwan Aerospace Corporation postponed a board meeting until it hears proposals from British Aerospace on reviving talks on a joint venture to build regional passenger jets. Page 3

Hong Kong shares rise: The Hong Kong stock market rose to its highest level after governor Chris Patten accepted a call by China to discuss separately some parts of his political reform proposals for the UK colony. Page 4; Editorial Comment, Page 8; Lex, Page 24

Bock firm on Lonrho appointments: Dieter Bock, joint chief executive of Lonrho with Tiny Rowland, is expected to tell a board meeting that the appointment of two non-executive directors is "non negotiable". He has told some Lonrho directors he is prepared to put the issue to shareholders. Page 24; Lex, Page 24

Japanese economy stagnating: Japan's official forecasting body, the Economic Planning Agency, said movement towards a recovery was marking time, as the latest retail figures underlined consumer gloom. Page 4

Courage to shed 700 jobs: Courage, the UK's second biggest brewer, is to shed 700 jobs during the next 18 months following a drop in beer consumption and growing competition among brewers. Page 7; 300 jobs cut at VSEL, Page 7

Ozone levels fall: Ozone levels over the Antarctic have dropped to record lows, creating an "ozone hole" bigger than Europe, the World Meteorological Organisation said. Page 4

■ STOCK MARKET INDICES		
FT-SE 100:	3120.8	(+34.5)
Yield	3.76	
FT-SE Eurotrack 100	1330.52	(+14.95)
FT-A All-Share	1541.91	(+0.9%)
Nikkei	20,174.42	(+91.61)
New York lunchtime:		
Dow Jones Ind Ave	3635.04	(+13.41)
S&P Composite	469.93	(+3.1)
■ US LUNCHTIME RATES		
Federal Funds:	$2\frac{13}{16}$%	
3-mo Treas Bills: Yld	3.065%	
Long Bond	$106\frac{17}{32}$	
Yield	5.783%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{13}{16}$	(same)
Liffe long gilt future:	Dec $114\frac{7}{32}$	(Dec $113\frac{11}{16}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Dec)	$17.07	(17.20)
■ Gold		
New York Comex (Dec)	$365.7	(366.6)
London	$354.75	(365.0)

■ STERLING		
New York lunchtime:		
$	1.5132	
London:		
$	1.5125	(1.513)
DM	2.4425	(same)
FFr	8.6475	(8.62)
SFr	2.1575	(2.1525)
Y	162.0	(162.5)
£ Index	80.3	(80.4)
■ DOLLAR		
New York lunchtime:		
DM	1.614	
FFr	5.71725	
SFr	1.4255	
Y	106.0	
London:		
DM	1.6145	(1.614)
FFr	5.7175	(5.6975)
SFr	1.4265	(1.423)
Y	107.05	(107.45)
$ Index	65.1	(same)
Tokyo close Y 107.1		

For customer service and other general enquiries call:

Frankfurt
(69) 15685150

Investors wary as Romanian 'pyramid' totters

By Virginia Marsh
in Cluj, Romania

DOWN AT the Cluj sports hall, business is not what it was. Just a few months ago, thousands of eager investors queued to deposit their money at the banks of computer terminals inside, hoping for fantastic returns. Now they are counted in scores and the menacing-looking marshals stand outside with nothing to do.

The scene by the sports hall is the most visible sign that trouble may be coming to this Transylvanian town – and to Romania as a whole.

A "pyramid" investment scheme in Cluj that has attracted hundreds of millions of dollars of deposits by promising a sevenfold return in three months appears to be wobbling. Since about 3m Romanians – one sixth of the adult population – have invested in the scheme, the result could be disastrous.

For four days last week, the money-multiplying scheme, which is known as Caritas and has created thousands of *lei* millionaires in the ethnically-mixed western province of Transylvania, failed to pay out to investors for the first time in its 18 months of operation.

Payments have since resumed, with Caritas's owner, Mr Ioan Stoica, blaming the problem on a computer fault: "The Caritas money circuit is safe and sound and going strong," he said last weekend. But investors in Cluj say confidence has been shaken, and fear Caritas will soon run out of cash.

"I hope I will be able to cash my 40m lei ($40,000) by December, but I fear the scheme will collapse before then," said one taxi driver.

"Maybe it will end soon but it's the only chance we have of paying our winter heating and food bills," said an elderly gentleman who had travelled 200km to sink cash into the scheme this week. Other locals are more inclined to count their blessings.

"God bless Mr Stoica," said another old man, proudly talking of the colour television, fridge and stereo his family had bought with their profits from the scheme.

The scheme, the largest of many in post-communist Romania, has had a magnetic appeal in a country where real earnings have dropped by a third in the past three years and annual inflation is approaching 300 per cent.

Caritas appears to work like a chain letter. New players deposit

Continued on Page 24

Britain to drop project for new £3bn N-missile

RAF hit as government warned more cuts may cripple services

By David White,
Defence Correspondent

THE GOVERNMENT is expected next week to shelve plans for a new nuclear missile for the Royal Air Force which would have cost up to £3bn.

Mr Malcolm Rifkind, defence secretary, is set to make the announcement on Monday at the start of a two-day Commons debate on defence.

The decision means the RAF faces losing its nuclear mission after its current WE177 bombs become obsolete.

Mr Rifkind is also expected to outline the government's views on the future of the royal dockyards including moves towards private-sector ownership, probably from 1996. The dockyards at Devonport and Rosyth are now managed by private-sector companies under contract.

Savings from these measures are seen as going some of the way to responding to Treasury pressure for further cuts in defence spending. The Treasury is believed to be seeking a reduction of about £1bn in the defence budget, currently £23.7bn for next year. This would be in in addition to cuts of £1.05bn over two years, imposed last November.

The Ministry of Defence argues that the armed forces cannot sustain further cuts unless Britain reduces or abandons some of its defence commitments in the UK, Europe or overseas.

Sir Nicholas Bonsor, Conservative chairman of the Commons defence committee, warned yesterday that more reductions could cripple the services. Lord Bramall, a former chief of defence staff, called on Mr John Major, the prime minister, to intervene against further personnel and equipment cuts.

The decision to dispense with the new missile, which would have been a joint effort with either France or the US, reflects both the squeeze on spending and the dramatic change in the strategic situation since discussions began almost six years ago.

It appeared increasingly unlikely that Britain would be able to test a warhead for the missile, because of the US moratorium on testing and forthcoming negotiations on a global ban. Both the Labour and Liberal Democrat parties have opposed the new missile.

Funding for the air-launched weapon – known as the tactical air-to-surface missile or TASM – was included in the MoD's secret long-term costings. However, this sum is understood to have been much less than the £2bn-£3bn overall cost estimated by experts, and the savings will come in the medium rather than short term.

The two missiles being considered as the basis for the project were the Supersonic Low-Altitude Target (Slat) made by Martin Marietta of the US, and the Air-Sol Longue Portée, an extended-range version of a missile already in service with the French air force.

An earlier candidate, a nuclear version of Boeing's Short-Range Attack Missile, was cancelled by the US in 1991.

Aérospatiale, the state-controlled French company which has been working on the ASLP project, said yesterday: "It is very unlikely that the French government will continue alone."

Nobel Peace Prize awarded to Mandela and de Klerk

AFRICAN National Congress president Nelson Mandela celebrates yesterday after he and South African president F W de Klerk were jointly awarded the 1993 Nobel Peace Prize.

The Norwegian Nobel Committee said the prize honoured "their work for the peaceful termination of the apartheid regime, and for laying the foundations for a new democratic South Africa".

In Johannesburg, rightwingers Janusz Waluz and Clive Derby-Lewis were sentenced to death for the murder of ANC activist Chris Hani. An indefinite moratorium on hangings in South Africa has been in place for three years. Page 2 Reuter

Setback for CBI merger as EEF boss decides to quit

By Andrew Baxter
and Michael Cassell

PLANS by the Confederation of British Industry and the Engineering Employers Federation to join forces were thrown into doubt yesterday after the surprise announcement that Mr Neil Johnson is to quit as EEF director-general.

In a short statement, the federation said Mr Johnson would be leaving towards the end of the year for "personal reasons". However, the unexpected departure of Mr Johnson, a driving force behind plans to create the UK's biggest manufacturing lobbying group, immediately raised questions about the future of the initiative.

Neither organisation appeared to be prepared for Mr Johnson's abrupt decision, although they both expressed the hope that their plans, which were well advanced, could still progress.

The two bodies announced in April that they were trying to work together more closely to create stronger and more effective links between industry and government.

Yesterday the federation revealed it had been talking in detail to the CBI about merging some of the central activities of both organisations. The EEF said they both remained "committed to the principle of collaborating to strengthen the representation of manufacturing". The CBI's ruling council was next week due to approve plans for the link-up between the two bodies, which next year would have combined the majority of core EEF activities with the CBI's national manufacturing council. The issue has now been taken off the agenda.

The two bodies had held exploratory discussions in 1991 but these fell through. Relations cooled when the CBI set up the national manufacturing council in early 1992, though the two bodies have since been co-operating.

The federation said yesterday that the talks would continue but, because of the complexity of the many issues and interest involved, they may take longer than first expected.

The proposal is now being examined by the federation's 14 regional associations, which will have to approve the takeover. But the federation denied that the proposal was being opposed by the associations.

The federation said Mr Johnson would "actively continue" his position as director-general and chief EEF spokesman until he leaves.

But his departure is a big blow to the EEF. Mr Johnson, 44, joined the organisation in July last year from Rover Group and has spearheaded its year-long campaign for a national industrial strategy. This week, he strongly criticised the Treasury for being isolated from the real world of manufacturing industry.

BR expects deeper cuts in funds from government

By David Owen

BRITISH RAIL is braced for fresh cuts in the funding it receives from the government as part of the drive to meet public spending targets for the next three years.

BR expects ministers to reduce the external financing limit which fixes the level of funds available to it each year on top of those it generates internally.

This is already set to fall from about £2bn last year to £960m in 1995-96, even if no further cuts are factored in.

The Department of Transport's £6.5bn budget has come under the close scrutiny of the cabinet's so-called EDX committee which aims to reach a settlement on spending with all government departments by the end of the month.

It is understood that no such settlement on transport spending has yet been reached. But sizeable cuts are widely anticipated, with the roads programme and planned government contributions to large-scale infrastructure projects said to be prime targets, as well as BR.

The threat of deeper cuts comes as ministers are pondering how to respond to the prospect of a damaging backbench rebellion over the government's rail privatisation proposals.

Mr John MacGregor, transport

Continued on Page 24

CONTENTS

Austria Sch30; Bahrain Din1 250; Bermuda $1 65; Belgium BFr65; China Fen 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep CZK45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr9.00; Germany DM3.30; Greece Dr300; Hong Kong HK$18; Hungary Ft185; Iceland IKR215; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.60; Korea Won 2500; Kuwait Fils.800; Lebanon $US1.25; Luxembourg LFr65; Malaysia Rin4.50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira45.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; South Africa R12.00; Spain Pta210; Sri Lanka Rup30; Sweden Skr15.00; Switzerland SFr3.20; Taiwan NT$85; Thailand Bht50; Tunisia Din1.250; Turkey L8000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

 No 32,193 Week No 41

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Bundesbank president rules out early return to tight ERM grid

By David Buchan and Lionel Barber in Paris

THE newly-flexible European Monetary System faces a long probation period before EC states can return their currencies to the old, tighter grid, Mr Hans Tietmeyer, Bundesbank president, said yesterday.

In his first foreign speech since becoming president of the the German central bank this month, Mr Tietmeyer said EC states should be "prudent" in their monetary policy, while putting their prime focus on real convergence between their economies.

Mr Jean-Claude Trichet, who has just taken over as governor of the Bank of France, joined his German counterpart in a symbolic joint appearance at a Paris conference organised by Les Echos newspaper, to pledge the French central bank's dedication to "a policy of credibility and internal and external stability" for the franc.

Amid reports that the Bank of France intervened yesterday to prop up a franc affected by Franco-American tensions in the Gatt negotiations, Mr Trichet gave little encouragement to hopes for an early cut in French interest rates.

He chose to stress that French long-term rates had fallen to German levels, so that over 10 years, in the markets' eyes, "the French and German currencies are considered approximately the same".

THE Belgian and French francs suffered renewed attacks yesterday as financial markets became convinced that the two countries will have to abandon their strong currency policies and cut interest rates, writes Peter John. Both currencies recovered levels towards the end of European trading but this reflected dealers balancing their books ahead of the weekend and pressure is expected to re-emerge next week.

Mr Neil Mackinnon, currency analyst with Citibank, said: "There is an increasing feeling that these economies will have to forget about strong franc policies." Once again, the Belgian National Bank intervened to support the currency, but this made little impact on strong investor concern over Belgium's forthcoming social pact on wages and employment and the effect that short-term rates of around 10 per cent are having on the economy. The D-Mark was consistently above BFr22 yesterday. It closed at BFr21.99, little changed on its previous close of BFr21.97. French francs were also sold heavily against the D-Mark and hit a new low of FFr3.5480 yesterday.

The Bundesbank itself would continue "a steady and clear, stability-oriented monetary policy", Mr Tietmeyer said. This did not exclude "further cautious steps to cut our interest rates, when conditions are right". But he stressed the Bundesbank view that his country's long-term rates were "very low historically, at less than 2 per cent in real terms".

Both men supported the goal of European monetary union, underlining what seems to be a new Franco-German consensus on prudent monetary policy and on necessary economic convergence. But Mr Tietmeyer spelled out a number of caveats.

He described as utopian any notion that the Maastricht timetable to monetary union should be accelerated because of this summer's upheaval in the EMS.

Mr Tietmeyer also criticised recent suggestions from Mr Jacques Delors, the European Commission president, that the EC might consider some form of controls on the movement of speculators' money, as a means of strengthening the EMS. Not only would such a plan not work in "highly developed and fundamental liberal" economies, but free capital movements were essential to help necessary adjustments in industrialised economies.

Mr Tietmeyer attacked recent suggestions in Brussels that the European Commission should set a new macro-economic framework with targets for interest rates, inflation and perhaps unemployment. "Choosing this solution would only recreate the problems which provoked the crisis," he said.

On financial regulation, the German central bank chief urged stronger efforts to control derivatives trading and to prevent such assets inflating and then bursting like "bubbles".

He suggested there should be an internationally agreed code of conduct on derivatives trading, along the lines of a recent Group of 30 study.

Mr Tietmeyer complained that the EC had so far only reached "an imperfect compromise" in its March 1993 directive, designed to introduce minimum capital requirements in derivatives trading from 1996.

Nobel prize for Mandela and de Klerk

By Karen Fossli in Oslo

MR Nelson Mandela, president of the African National Congress, and President F. W. de Klerk yesterday shared the 1993 Nobel Peace Prize for working to dismantle South Africa's apartheid regime and for laying the foundations for peace and democracy in the violence-torn country.

The five-member Norwegian Nobel Committee said that from their different points of departure, Mr Mandela and Mr de Klerk were being lauded for reaching agreement on the principles for a transition to a new political order based on the tenet of one man, one vote.

"By looking ahead to South African reconciliation instead of back at the deep wounds of the past, they have shown personal integrity and great political courage," it said.

In an interview with Norwegian radio soon after the award was announced, Mr de Klerk said he was overwhelmed by the decision: "It's a great honour and I accept it with great humility. I accept it on behalf of all other leaders who have contributed towards the dynamic process in South Africa."

He stressed that economic development of South Africa was needed to help end violence there. "We are glad to be back in the international community and that sanctions have been lifted. We hope that investment can come to South Africa so jobs can be created."

Mr Mandela described the honour as a "challenge to us all as co-equal compatriots to so conduct ourselves that those who seek to foster racial and ethnic hatred and war are isolated and cauterised".

The Nobel committee said South Africa had been the symbol of racially conditioned suppression. "Mandela's and de Klerk's constructive policy of peace and reconciliation also points the way to the peaceful resolution of similar deep-rooted conflicts elsewhere in the world," where ethnic disparities cause the bitterest conflicts, it said.

Spectators outside the supreme court in Johannesburg shake hands over a razor wire barricade on hearing that Nelson Mandela had won the Nobel Peace Prize. They were awaiting the sentencing of two men convicted of murdering ANC activist Chris Hani, and did not hear until later that President de Klerk had shared the award. The two convicted men were condemned to death.

The committee said that while previous Nobel laureates Albert Lutuli and Desmond Tutu made important contributions to progress towards racial equality in South Africa, Mr Mandela and Mr de Klerk have taken the process a big step further.

Professor Francis Sejersted, chairman of the committee, said the South African duo had bound their political fate to achieving peace.

He said the committee's reasons for yesterday's decision were similar to those behind the awards to former Soviet President Mikhail Gorbachev in 1990 and to Ms Rigoberta Menchu' Tum, the Guatemalan human rights campaigner, last year. "Similar political peace processes are also under way in those laureates' countries," he said.

The Nobel Peace Prize, named after Mr Alfred Nobel, the Swedish inventor of dynamite, comprises a gold medal, a diploma and a cheque for SKr6.7m (£550,000).

Prof Sejersted believed Mr Mandela and Mr de Klerk would come to Oslo on December 10 to receive the prize.

Poles turn to a quiet and homely figure

Christopher Bobinski assesses the farmers' leader likely to be Poland's next prime minister

NONE of Poland's four post-communist prime ministers had any experience of government before taking office, and Waldemar Pawlak, the 34-year-old Polish Peasant party (PSL) leader set to be designated next week for the post, is no exception.

The fresh-faced Mr Pawlak, who owns a 20ha (50-acre) farm in Plock province 180km north of Warsaw, differs from Ms Hanna Suchocka, his immediate predecessor, in that he is better known than she was when she became prime minister 15 months ago.

Mr Pawlak sprang from obscurity in June 1991 when the PSL, a party scarred by years of abject collaboration with the communists, chose him as their leader in a sign of a new beginning. Mr Pawlak fitted the role perfectly. He had no past to speak of and the party's warring factions were able to coalesce around him.

He came to the post after joining the party in 1984 as a graduate from Warsaw Polytechnic's mechanical faculty. Four years later he found himself heading the local council in Pacyna, the district where he was born.

He was elected on the PSL ticket to parliament in 1989, in the elections which Solidarity won but which gave the "ancien regime" parties, including the communists, their seats under a pre-ballot deal with the then opposition movement.

In parliament, the soft-spoken and taciturn young deputy attracted the attention of his colleagues through a passion for back-room political manoeuvring and an ability to go for the jugular, which he developed as the group's whip. But it was President Lech Walesa in the middle of 1992 who gave Mr Pawlak national prominence.

This was after Mr Walesa had toppled an ineffectual cabinet led by Mr Jan Olszewski and was looking for a candidate for prime minister around whom a parliamentary majority could be built and who was sufficiently junior to do as he was told. The plan succeeded temporarily and Mr Pawlak was voted in as prime minister, but failed to form a government, thanks to last-minute opposition from Solidarity-based groups who were not ready to see someone from outside their camp as head of government.

The attempt lasted 33 days and the disappointment it engendered has left a shadow over Mr Pawlak's relations with Mr Walesa, who he feels let him down.

The incident deepened the traditional mistrust that the peasant population, of whom Mr Pawlak is a typical if better educated representative, feels towards the city dwellers. But Mr Walesa gave Mr Pawlak 33 days of prominence. It was time enough to build a popular image and not enough to make mistakes spoiling the picture.

He comes across as a sound and homely figure that Poles, after four years of reform and upheaval, now appear to hanker after. The 33-day episode was an unexpected bonus from which he profited in the September 19 elections.

In these, the PSL won the vote in the rural areas where 40 per cent of the population lives and an overall 15 per cent share of the national ballot. Almost a month later Mr Pawlak continues to perform well in opinion surveys.

Now he has to put together a cabinet, working this time with the former communist Left Democratic Alliance (SLD). Talks between the two groups over the past three weeks have shown Mr Pawlak to be a stubborn negotiator. He knows he holds a strong hand in that he can find other allies with whom to form a government should the SLD withdraw. This is a luxury the SLD does not enjoy.

Waldemar Pawlak: second chance of office

He will be looking for policies from the next cabinet which will improve the lot of the farmers. That means increased budget support for the sector and customs barriers against European Community food imports, and Mr Pawlak knows that he must deliver to his peasant voters.

He is also canny enough to realise that his party needs allies in the towns, maybe recruited from the small business sector, to break out from the rural ghetto the PSL now finds itself in.

He is looking too to build bridges with the Catholic church, which itself needs an ally in parliament.

Bentsen predicts 2.5-3% growth

By Michael Prowse in Washington

US inflation is "well in check" and economic performance is stable, Mr Lloyd Bentsen, the US Treasury secretary, told businessmen in Texas yesterday.

He predicted growth at an annual rate of 2.5-3.0 per cent in the second half.

Mr Bentsen's comments followed the publication of statistics showing lower than expected inflation and a narrowing of the merchandise trade deficit in August.

Consumer prices were flat last month and up by 2.7 per cent in the year to September, according to Labour Department figures. Separate reports showed an unexpected decline in the trade deficit to $9.71bn (£6.43bn) in August against $10.4bn in July and an increase in industrial production of 0.2 per cent last month.

The figures were better than most analysts had expected and indicated that the relatively sluggish, private sector-led US recovery is imposing few strains on the economy.

On Thursday officials reported a zero increase in the core producer price index last month. The good news on inflation prompted further gains in bond and share prices on Wall Street as traders discounted the risk of a tightening of monetary policy in coming months.

The decline in the trade deficit reflected a 3 per cent rise in exports to $38.2bn, which more than offset a 1 per cent rise in imports to $47.9bn. The increase in exports was led by a $707m increase in aircraft sales, a volatile item, but was seen as encouraging by analysts in view of sluggish trading conditions in many overseas markets.

The trade deficit for the year to August was $76.8bn up sharply from $52.7bn last year, reflecting the US economic recovery.

The 0.2 per cent increase in industrial production last month took the annual gain to 4.6 per cent. However the Federal Reserve revised down estimates of production increases in July and August to show gains of 0.2 per cent and 0.1 per cent respectively.

For the third quarter, production is estimated to have risen at an annual rate of 1.8 per cent. The strongest sectors were business equipment and construction supplies.

Hungary privatisation bid to boost share ownership

By Nicholas Denton in Budapest

HUNGARY is to extend state shareholdings worth Ft100bn (£682m) in 70 companies on concessionary terms to small investors, in an effort to broaden share ownership and privatisation.

The initial wave of sales, to be formally announced next week will see shares worth Ft5bn in eight profitable companies floated on the Budapest stock exchange in January.

First on the block are minority stakes in the Pannonia, Soproni and Borsodi breweries, the Pannonia, Eravis and Hungaria hotel chains, plastics producer Pannonplast and bottled gas distributor Primagaz.

Every adult Hungarian paying a nominal Ft2000 entrance fee will be entitled to a Ft100,000 interest-free credit facility which can be used to subscribe to the offerings.

The scheme, devised by Schroders, the UK investment bank, allows repayments to be spread over five years and no security is required beyond the purchased shares themselves.

The design of the programme may leave the government holding the risk and ultimate ownership of shares that are sold, some observers fear. An OECD report concluded that the new privatisation investment facility was "seriously flawed."

Nevertheless, the authorities hope the generous terms will attract 1m of Hungary's 10m population.

Hungary's privatisation drive has until recently been heavily reliant on foreign investors. General Electric's purchase of light producer Tungsram in 1990 led a host of big western multinationals into Hungary.

These acquisitions helped the government privatise 18 per cent of the state enterprise sector by the end of last year and have taken foreign investment to over $5.5bn (£3.6bn), more than half the total inflow into eastern Europe.

But foreign interest in manufacturing investments has waned as the cherries of Hungarian industry have been picked. At the same time, political sensitivity about foreign domination and attacks against the privatisation process have intensified.

The qualified success of the Czech voucher privatisation scheme has also encouraged Hungary's more modest version of popular capitalism.

US seeks action on Haiti shipping

THE US, in an attempt to tighten the screws on Haiti's military regime, is pressing for a Security Council resolution to intercept shipping to and from the Caribbean nation to prevent any sanctions-busting, a US official said yesterday, Reuter reports from New York.

Ms Madeleine Albright, Washington's UN ambassador, had begun consultations with fellow diplomats and was pushing for adoption of the resolution later in the day.

It would authorise UN members, individually or through regional organisations, to stop and search vessels suspected of carrying contraband.

The Security Council first imposed sanctions against Haiti in June but suspended them in August when the country's army rulers appeared to be abiding by an agreement for the restoration on October 30 of President Jean-Bertrand Aristide, overthrown in a September 1991 military coup.

The council voted unanimously on Wednesday to reimpose the sanctions, involving an arms and oil embargo and the freezing of funds held abroad.

The council acted after two days of violence by armed men in Port-au-Prince, the capital, prevented the disembarkation of some 250 US and Canadian troops sent as part of a UN mission to help with the restoration of democracy.

The situation deteriorated further on Thursday when the justice minister in a recently-installed pro-Aristide government, Guy Malary, was assassinated along with two aides.

Torn in the USA, Page 9

Moscow tries to plug leakage of dollars

By Leyla Boulton in Moscow

RUSSIA yesterday unveiled a foreign exchange control system designed to force exporters to repatriate their dollar earnings.

Developed with the help of France and Italy, which had similar foreign exchange controls in their recent past, the system will be operated with the extensive involvement of Russian commercial banks which are entitled to conduct hard currency operations.

"We have not re-invented the bicycle," said Mr Victor Melnikov, head of the central bank's newly-reorganised currency regulation department.

The scheme comes into effect in January for exporters of strategic commodities such as oil and precious metals and in March for all other exporters.

It is to operate as follows:

- An exporter and his bank will be obliged to sign a "passport" for any given export deal.
- The exporter will take a copy of the "passport" to customs. Customs will then provide the necessary export documents. The "passport" details will be fed into customs' data base.
- Customs will pass on to the bank a document confirming the goods have left the country. The exporter must also forward a copy of the export documents to the bank.
- The bank is obliged to alert customs if the money is not repatriated by the time payment for goods is expected.

For their services in implementing the exchange controls, banks will be paid up to 0.15 per cent of the value of the contract by exporters.

Banks caught violating the procedure face fines amounting to the value of the contract. Those which cannot cope with the extra burden of enforcing controls would lose prized licences to conduct hard currency operations.

The biggest obstacle to the system's smooth functioning will be widespread corruption in customs and banks.

Mr Melnikov said the system's main defence against fraud was its reliance on three separate sources of information: customs, exporters, and the banks.

Mr Dmitry Tulin, deputy governor of the central bank, said the new system would mark a serious start to tackling capital flight which has hindered the country's ability to repay its debts.

Otis shrugs off Russia's ups and downs

Andrew Baxter on how the multinational liftmaker is coping with uncertainty

FOR any western company with business in Russia, recent weeks have been a time of great uncertainty and anxiety. But there is more at stake for Otis Elevator International than for most foreign manufacturers.

"We're pretty simple people. We just want to get on with the business of manufacturing and maintaining lifts and looking after our people," says Mr George Channin, area director for eastern Europe at Otis.

Mr Channin was talking about the four joint ventures which the world's largest lift producer has set up in Russia in the past three years.

Otis, part of United Technologies, has spent $40m-$50m (£26m-£33m) since 1990 on equity stakes in the Russian ventures and one in Ukraine. It was one of the first US companies to spot the potential of manufacturing and selling in the former Soviet Union.

The message from the frontline has been "business as usual". In the tense few days before President Boris Yeltsin acted two weeks ago to quell a revolt by Russia's hardline parliamentarians, Mr Channin was receiving a stream of phone calls at his Paris office.

They came from expatriates working for Otis in Russia. "They were almost going out of their way to call me on routine matters, to let me know that they were working at usual, and that life goes on," he says.

For Otis, the rationale for the investment is the same as it always has been, says Mr Rudolf Kunert, senior vice-president. Whatever happens at the Kremlin or the Russian parliament, there is a huge need for new or refurbished lifts in apartment blocks, hospitals and offices.

But the upheavals of the past two years have inevitably affected Otis and its new partners. Local authorities' tax revenues have failed to keep up with rampant inflation, so capital spending on equipment such as lifts has been reduced.

Inflation has also forced Otis to raise its prices, says Mr Kunert, and taken up a lot of management time. Privatisation in the construction industry, at least in the big cities, is changing the face of the customer base for new lifts.

Mr Channin admits that the pace of the reforms in Russia may sometimes have been slower than Otis originally expected. "But we have never had any concrete examples of a reversal," he says.

Mr Kunert says the company is even a little ahead of where it expected to be in its Russian business, at any rate in terms of the volume of activity and the extent of its service network. Some of the ventures are making an operating profit, at least in roubles.

This month, the dénouement of the Russian constitutional crisis has coincided with a turning point for the US company in Russia. After what Mr Kunert calls "two years of hard work", the first Russian-built lift was being delivered in Moscow.

Now the victory for Mr Yeltsin promises to end some of the uncertainty that Otis and other western companies have been grappling with in recent months. "We are relieved to have a result, and we are hopeful that some of the gridlock on important issues will now be lifted," says Mr Channin.

"One day there would be an interview with a parliamentarian and things would seem to be going one way, then there would be an interview with the other side and they would say the opposite."

But Otis, in any case, is sticking to its long-term Russian strategy. Mr Kunert even hints that it could extend its presence, plugging gaps in Rus Otis, which maintains some 40,000 lifts.

Vatican bank faces probe

Milan magistrates want clarification from the Vatican about movement of over L80bn (£33m) in treasury bills via the Instituto per le Opere di Religione, the Holy See's bank, Robert Graham reports. The bills are believed to be part of bribes paid during the 1990 reorganisation of the chemicals industry between ENI, the state oil concern, and the Ferruzzi group's Montedison.

Tapie move

A prosecutor has asked for parliamentary immunity of Mr Bernard Tapie, the controversial politician and businessman, be lifted so he may investigate alleged wrongdoings at Testut, a weighing machine maker owned by Mr Tapie's holding company, Alice Rawsthorne reports from Paris.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented by Edward Hugo, Managing Director. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

Japan ready to end ban on rice imports

By Emiko Terazono in Tokyo and David Dodwell in London

JAPAN has informally floated a proposal to lift its ban on rice imports after a six-year moratorium period to 1999, according to trade negotiators in Tokyo and Geneva.

The proposal, which was made unofficially during intensive bilateral discussions on reform of farm trade with the US in Geneva, will only be presented formally once the US and the EC settle differences on farm subsidies and market access for agriculture products, an official said.

Under the plan, Japan will accept tarification of rice after a six-year grace period, during which a minimum access level of 3 to 5 per cent of its domestic rice consumption will be imported.

Mr Joe O'Mara, special US trade negotiator for agriculture, said in Geneva that the two sides were trying to conclude the talks by November 1, ahead of the December 15 deadline for the Uruguay Round of multilateral trade negotiations.

Formal headway may yet be frustrated by the refusal of the EC so far to enter any negotiations on opening its market to more farm imports.

This is largely due to French efforts to review a US-EC agreement on Europe's subsidised farm exports, and even to withdraw the farm sector from the agenda of the Uruguay Round.

News of progress towards a compromise on ending Japan's ban on rice imports is likely to isolate France on the issue of farm trade, and put fresh pressure on the EC to negotiate tariff cuts in the sector.

Negotiators in Geneva were quick to note yesterday that France's domestic problems in selling a farm package were no greater than those of the new Japanese government. They noted that if Japan were willing to compromise on rice imports for the sake of a wider agreement, pressure would increase on France to do the same.

Revelations about the Japanese proposal have caused embarrassment for Mr Morihiro Hosokawa, the prime minister, and his government, which was quick to deny reports of a tarification accord.

Mr Masayoshi Takemura, chief cabinet secretary, yesterday reiterated the government's line that Japan has no intention of subjecting rice to the tarification scheme proposed by the Gatt.

Meanwhile leaders of the Socialist party, the largest in Mr Hosokawa's coalition, who staunchly oppose the opening of the rice market, threatened to pull the party out of the coalition if the cabinet accepted tarification.

Telecom alliance extended

By Ronald van de Krol in The Hague

A NEW strand was added to the growing web of international telecommunication alliances yesterday when Japan's biggest telephone operator, Kokusai Denshin Denwa, signed a co-operation pact with Unisource, a three-way joint venture linking the telecommunications companies of the Netherlands, Sweden and Switzerland.

The latest partnership is aimed, in the first instance, at allowing Japanese-based multinationals to maintain data connections with their subsidiaries in Europe. Other global communications services may be added later.

Mr Kazuo Yoshida, managing director of business communications at KDD, said the European deal was "non-exclusive", meaning that it would not prevent the Japanese company from continuing to pursue the larger "Worldsource" venture launched by AT&T of the US in the spring.

Besides AT&T, other leading international telecommunications companies such as British Telecom are also seeking to provide "one-stop" telecommunications services to multinational businesses.

Unisource, a joint venture between PTT Telecom of the Netherlands, Telia of Sweden and Swiss Telecom, is designed to enable the telecommunications companies of these smaller European countries to compete with the industry giants.

BAe chairman for talks with TAC

By Daniel Green in London and Dennis Engbarth in Taipei

TAIWAN Aerospace Corporation yesterday postponed a board meeting scheduled for October 19 in order to hear proposals from Mr John Cahill, chairman of British Aerospace, aimed at reviving stalled talks on a proposed joint venture between the two.

The meeting was to discuss the fate of the troubled plan to produce BAe's RJ family of regional passenger jets in Britain and Taiwan.

Mr Cahill plans to meet TAC and government officials next week during a visit to Taiwan by Mr Richard Needham, the UK trade minister, and a group of UK industrialists.

Collapse of the Avro venture would undermine BAe's plans to improve profits: the RJ regional jets, now made in Woodford, Cheshire, lose money for the company. BAe had hoped to return them to profitability by moving some production to Taiwan.

Taiwan wants to create a civil aircraft industry as part of its industrial policy, but in recent months the proposed deal with BAe has been criticised by some bankers and opposition politicians on commercial grounds.

BAe said yesterday Mr Cahill would address three issues in Taiwan: to promote the restarting of talks which broke up last month, to seek assurances that the top management at TAC would be "strengthened", and to support the trade minister.

Negotiations last month between TAC and BAe in London fell apart over BAe's refusal to delineate clearly in writing the details of technology transfer for the RJ family and make a written commitment to co-develop with TAC an advanced two-engine "RJX" regional jet.

Since then, the Taiwan government has stressed that the resumption of negotiations was a matter to be decided by the two companies.

Mr Chiang Ping-kun, minister of economic affairs with responsibility for trade and industry, said Wednesday that the government, while remaining committed to developing an aerospace industry, would take no direct part in such negotiations between two private companies.

TAC said the decision to delay the meeting was made in light of the forthcoming visit to Taipei by Mr Cahill.

Mr Yang Shih-chien, vice minister for economic affairs, declined to comment on the possible significance of the TAC decision. He affirmed that the ministry would not take a direct part. "We're quite clear that the [Taiwan] government has already discussed those issues which it should have discussed," Mr Yang said.

A bored attendant waits amid a row of silent telephones in an empty trading ring at the Bombay stock exchange yesterday Reuter

Bombay tax row near end

By R. C. Murthy in Bombay

A DISPUTE between Bombay stock brokers and the Indian income tax department which halted trading on big bourses for three days is on the verge of resolution.

The tax authorities agreed yesterday after extended talks over two days to unfreeze parcels of shares issued by nine companies, including Reliance Industries and ACC, the country's largest cement producer.

Tax inspectors last month froze dealings in the share parcels during an investigation into the affairs of Mr Harshad Mehta, the broker at the centre of last year's Rs40bn Bombay securities market scandal.

The Bombay Stock Exchange, which accounts for two-thirds of trading in India, was closed after brokers went on strike on Wednesday in protest at the disruptive effect of the investigation. Last year's scandal erupted when evidence emerged that money was being illegally siphoned out of banks into the stock market.

Resumption of normal trading on Monday will depend on fulfilment of legal formalities. The scandal cases are being heard by a special court, which has to give permission for trading in the stock involved.

Mr A.N. Kolhatkar, executive director of the exchange, said there would be no hitch in restarting trading once the special court granted permission.

Cairns group chief attacks France over farm trade

By David Dodwell, World Trade Editor

When the Cairns group of 14 farm exporting nations meet in Geneva this weekend, there can be little doubt their common bogey will be France, and the Balladur government's pre-emptive strike against liberalisation of farm trade.

"Agriculture negotiations in the Uruguay Round are not merely a transatlantic affair," said Mr Peter Cook, Australia's trade minister and chairman of the Cairns group, during meetings in Brussels with top trade negotiators from both the European Community and the US.

"There are many countries across the developing world that are in much tougher situations than the French over farm trade, but they are still playing a positive role in the round," he said. "France is likely to find itself in a situation of splendid isolation. The answer to its problems has to be found in Europe."

For the Cairns group, which represents countries ranging from Australia and Canada to Thailand, Indonesia, Argentina and Uruguay, liberalisation of trade in farm goods is key to their support for the Uruguay round. Many of their economies have been severely hit by barriers against exporting to the EC, Japan and the US. Subsidised EC exports of surplus farm produce has also devastated farm prices on world markets, damaging export earnings, and undermining domestic farm sectors.

The group is expected to deliver at the end of its summit a polite but unequivocal rebuttal of French aims. It is likely to insist on:

- no renegotiation of the US-EC Blair House agreement limiting European exports of subsidised farm goods;
- no removal of farm trade from the Uruguay round agenda;
- speedy action by the EC to come forward with significant cuts in tariffs on its imported farm products.
- no exceptions to the rule that quota limits on farm imports should gradually be replaced by tariffs.

The minimum commitments in the draft Uruguay Round agreement tabled at the end of 1991 involved tariffs being cut by an average of 36 per cent over six years, with no imported item escaping with cuts of less than 15 per cent.

"The Uruguay Round package has to be balanced across all sectors, and fair to all nations," said Mr Cook. "One country's advantage will always be another's disadvantage, so the package can't be done piecemeal. Our call will be for the biggest, boldest market access package that can be achieved."

The EC has so far refused detailed discussion with any trading partners on improved market access in the farm sector.

Softer Patten line lifts HK share index

By Simon Davies in Hong Kong

HONG KONG Governor Chris Patten's change of tactics in agreeing to discuss separately some minor elements of his political reform proposals were interpreted by investors yesterday as a political breakthrough. The stock market rose to its highest ever, on record turnover.

In his statements, however, Mr Patten was adamant that a separate agreement over some "straightforward" issues would not affect the timetable for his more contentious proposals on the 1995 elections of the Legislative Council, Hong Kong's law-making body.

He said: "It is the Legislative Council elections which impose the real time pressures and, to that extent, argument about the district boards is slightly irrelevant."

Some media commentators said Mr Patten's comments represented a concession to China, which has pushed for separate discussions over district board and municipal elections from those for Legco.

The district elections are to be held in 1994, and, by focusing on these, the Chinese would hope to buy time on the blueprint for the subsequent Legco elections, which it strongly opposes.

These suggestions of a conciliatory move provided further fuel for the colony's red-hot stock market, and the Hang Seng Index rose 351 points, or 4 per cent, to 8,764. The index has risen almost 1,100 points since the start of October.

Patten: minor issues

Many analysts believe Mr Patten's move will at least enable British and Chinese negotiators to resume a dialogue in the next round of talks on October 20, following several meetings which have yielded little more than recriminations over lack of progress.

By moving from his stated position that "the proposals need to be considered as a package", he has made a concession which could facilitate an agreement on several minor issues, such as the reduction of the voting age from 21 to 18. But there is still no evidence China is prepared to alter its position on the more important elements of his proposals.

Mr Patten will meet the British cabinet on November 10th to discuss whether to proceed with the negotiations with China, or to table the proposals before Legco.

Japanese recovery trend 'marking time'

By William Dawkins in Tokyo

JAPAN'S official forecasting body yesterday slightly downgraded its view on the economy, as the latest figures from the retail industry underlined consumers' continuing gloom.

"Movement towards a recovery is marking time and [the economy] is largely stagnating, affected by the sharp rise in the yen and the cool, wet summer," the Economic Planning Agency said. This contrasts with the agency's previous monthly report, which said that the economy was at a "standstill" but that the agency was sticking to its view that the recession would get not worse.

To back up the agency's gloomy assessment, Mr Yasuhi Mieno, governor of the Bank of Japan, warned yesterday that business sentiment had turned more cautious and that he saw no clear signs of recovery. Banks had become slightly more positive about making new loans, but were still cautious, because of bad debts built up during the liquidity-fed rise in asset prices of the late 1980s, Mr Mieno said.

The agency highlighted three factors in Japan's current economic weakness: a continued fall in consumer spending, the rise in inventories of unsold stocks, and the decline in job openings. Department store sales in Tokyo fell an annualised 10.2 per cent last month, the 19th monthly decline in a row, the Japan department stores association said yesterday.

A small, but unreliable, indicator of an improvement came with a report yesterday of a steep decline in corporate bankruptcies in the first half of the fiscal year, the six months to September. The amount of bankruptcies fell by 18.3 per cent in the first half, the third six-monthly fall running, said Teikoku Data Bank, a private research group.

However, the decline in corporate collapses could be merely a symptom of the sluggishness of business activity, warned Mr James Vestal, chief economist at Barclays de Zoete Wedd in Tokyo.

Separately, Teikoku reported that liabilities guaranteed by Japan's 82 listed construction companies for their property subsidiaries rose by 15.5 per cent in 1992, to Y3,335bn (£20.5bn) – a heavy burden on their balance sheets.

US deal with Aideed raises warlord's power

Leslie Crawford on the aftermath of an airman's release

WITHIN a few days Gen Mohammed Farah Aideed has been transformed from a villain into a key participant in the future of Somalia, but on what terms remains unclear.

The tea-stalls on the dusty streets of Mogadishu were buzzing with speculation yesterday over what Gen Aideed might have extracted from the US in return for Thursday's release of a captured US pilot.

Despite Washington's insistence that the hostage was freed "unconditionally", Gen Aideed appears to have benefitted in one immediate respect: the United Nations' hunt for the rebel warlord has been called off.

Instead of seeking to place him on trial for the slaying of 24 Pakistani peacekeepers in June, the UN will allow an independent commission to investigate the incident.

It is unlikely it will find Gen Aideed solely responsible for the escalation of violence in Mogadishu. UN forces also killed hundreds of Somalis in its failed attempts to capture the fugitive general.

It is also expected the UN will shortly free some of Gen Aideed's militiamen and political supporters. Mr Robert Oakley, President Bill Clinton's special envoy sent to deal with the hostage crisis in Somalia, is said to have given Gen Aideed his personal pledge the US would do everything it could to seek his men's release.

Freed US pilot Michael Durant is taken by stretcher to a military hospital in Mogadishu Associated Press

But Gen Aideed's greatest advantage from playing the hostage card is perhaps an intangible one. By forcing the US to the negotiating table, Gen Aideed has increased his stature in the eyes of all Somalis. His enemies will have greater cause to fear him. And if the present ceasefire holds long enough to allow a resumption of national reconciliation talks, Gen Aideed will be a significant participant, if not the dominant one, in determining Somalia's political future.

For its part, the UN Operation in Somalia (Unosom) has acquired its own internal problems. A question mark hangs over the 30,000-strong military intervention if President Clinton maintains his commitment to withdrawing the strategic US contingent in six months' time. Other governments have hinted they will also withdraw their troops if the Americans depart.

"Somalia is just not worth dying for," says one UN diplomat, who believes the need to minimise UN casualties has killed their mandate to disarm Somalia's warlords forcefully. The UN's first attempt at peace enforcement, as opposed to peacekeeping, has proved an impossible task in the face of Gen Aideed's defiance.

From now on, UN officials say disarmament and political initiatives will have to come from the Somalis themselves. More than 14,000 UN troops will still patrol Mogadishu, backed by an extra 5,000-strong US force in case of trouble, but the days of weapons sweeps across neighbourhoods and the storming of militia strongholds are over.

Somalia's rival clans now face the problem of how to contain Gen Aideed's ambitions without the help of the UN.

Mr Ali Mahdi Mohammed, a hotelier-turned-warlord who controls the north section of Mogadishu, distrusts the UN's policy of appeasement.

"The time for dialogue has collapsed," he argues. "Aideed has always broken his agreements. This interlude will only give him time to reorganise and resume the fighting."

He adds that if the US soldiers pull out "the situation will revert to the killing and starvation we had before they stepped in."

President Bill Clinton was reported to be "delighted" with the Senate vote in the small hours of yesterday morning supporting his policies in Somalia, Jurek Martin reports from Washington.

The Senate vote, 76-23, backed funding for US military involvement until March 31, the withdrawal deadline set by the president last week. On Thursday Senator Robert Byrd, the West Virginia Democrat, had withdrawn an amendment requiring an earlier withdrawal.

The Senate also defeated, by 61-38, a motion advanced by Senator John McCain, the Republican from Arizona, that would have confined funding only to the withdrawal of US troops.

The divisions were not on party lines. Senator Bill Bradley from New Jersey, the progressive Democrat, was as adamantly opposed to US engagement in Somalia as Senator McCain, who is very conservative.

Malawi gets ready for life without Banda

Nick Young on the background to reform

ONE OF Africa's most extraordinary political careers came in effect to an unheralded end this week.

Without fanfare, and in accordance with the constitution, executive power passed from the hands of Malawi's President Hastings Kamuzu Banda to a triumvirate drawn from the ranks of the ruling Malawi Congress party.

Dr Banda, who has presided over the country's fortunes since independence in 1964, is convalescing after brain surgery in a South African clinic, and unlikely to make a political comeback. But the reforms he reluctantly set in train now have a momentum of their own.

The country's transition from one-party rule to multi-party democracy, which began last June when a substantial majority voted in a referendum to end single-party rule, looks set to end in a general election next May.

Campaigning has yet to get formally under way, but the ruling party could well retain office through a combination of shrewd tactics and a divided opposition.

The former is illustrated by the party's choice for chairman of the triumvirate: Mr Gwanda Chakuamba, a former cabinet minister, who came out of prison in July after serving 13 years' hard labour for sedition. That he should now be willing to lead the party which locked him up, followed by a brief spell with the opposition United Democratic Front, may be seen as opportunistic or pragmatic. It certainly took the opposition by surprise.

A party stalwart, Mr John Tembo, is also in the new triumvirate, the closest minister to Mr Banda in recent years and long tipped as his successor. But Mr Tembo appears to have moved with the times.

Few now think he will try to roll back the democratisation process that has been urged on Malawi by the international community. The government has so far honoured its pledge to work with opposition parties, represented on a National Consultative Council on which they hold a majority, towards general elections.

The current issue for the Congress party is not how to prevent political pluralism but how to survive within it; and the indications are that the party may yet have a political future despite a distinctly mixed past, with a moderate to good record on economic management and a very poor one on human rights.

Impoverished at independence, the country remains poor, with a per capita GNP of \$160 (£106), among the lowest in the world, reflected in bad health and social indicators.

However, none of the economic challenges ahead have been seriously addressed by Malawi's new and vociferous political classes, partly because they recognise the constraints that will limit the policy choices of whoever is in power.

Thus a round of strikes last month in pursuit of pay claims, many in excess of 100 per cent, passed almost without comment from Mr Chakufwa Chihana, leader of the *Alliance for Democracy* (Aford), or Mr Bakili Muluzi of the rival United Democratic Front.

There is, it seems, a tacit agreement with the government that the country cannot afford the inflationary pressure of wage settlements.

Instead, the main opposition groups prefer to keep attention focused on their rival claims to be the most effective guarantors of human rights and democracy.

Aford perhaps has the moral edge in the display of democratic credentials. Mr Chihana has a trade union background and has thrice been imprisoned by the Banda regime, whereas Mr Muluzi is a former cabinet minister and secretary general of the Congress party.

UDF, however, has more evident support in the business community, more funds and better organisation, and is better able to present itself as a serious contender for government.

Both parties accept the broad terms of structural adjustment in progress in Malawi since the late 1980s and are resigned to funding any new social or productive programmes from rationalisation of existing government expenditure.

Two much smaller opposition parties, the Malawi Democratic party and the United Front for Multiparty Democracy, are hoping to pick up refugees from the larger groups.

With little of substance yet to distinguish the main opposition contenders, the clearest difference for most Malawians is their regional affiliation. Aford's support lies predominantly in the north, UDF's in the south. Mr Chihana and Mr Muluzi both aspire to address the whole country, but the vaguer they are about what they stand for, the greater the perception of regionalism becomes.

If this trend is consolidated, the Malawi Congress party may yet retain support in the central region, with which it is primarily identified, or even manage to project itself as the most truly national of the contenders for power in the elections scheduled for May.

Ozone levels at new lows

By Frances Williams in Geneva

OZONE levels over the Antarctic have fallen to record lows in the past few weeks and for the second year running the ozone hole has extended to populated areas of South America, the World Meteorological Organisation said yesterday. The latest data show no halt to the trend that has seen the seasonal ozone hole steadily deepen and widen since its first appearance in the late 1970s.

The United Nations agency said that, for three weeks in late September and early October, the ozone hole encircled the entire continent, with more than 60 per cent of the ozone destroyed over an area greater than all of Europe.

For two days at the end of September, ozone levels over the southern tip of South America were 40 per cent below pre-ozone hole averages and over the Antarctic ozone measurements on several days were the lowest on record.

Loss of ozone in the upper atmosphere, which acts as a natural filter against harmful ultraviolet rays from the sun, causes sunburn, skin cancer and cataracts and threatens plant and marine life.

Under the Montreal Protocol industrialised countries will prohibit production of chlorofluorocarbons and other ozone-eating chemicals from 1995, but their concentration in the atmosphere may not fall until early next century.

The US and the European Community are expected to be among some 60 countries ratifying the international treaty on biological diversity by the end of this year, according to Mr Vicente Sanchez, chairman of the intergovernmental committee negotiating details of its implementation. The treaty, which has received 31 ratifications so far, is due to come into force on December 29.

However, a week-long meeting of the committee in Geneva involving some 129 nations ended yesterday with little progress on such key issues as funding arrangements, intellectual property rights and the sharing of benefits from use of genetic resources.

Customs plans Euro-blitz on VAT fraud

By Andrew Jack and Catherine Milton

CUSTOMS and Excise is planning to station officers in other European Community countries as part of an EC-wide clamp down on value added tax fraud. The move follows the abolition of border controls at the start of this year.

The "attachés", based in British embassies, will carry out co-ordination and investigation work to prevent inter-EC VAT fraud. The plan is modelled on a successful customs' network to uncover drug smuggling around the world.

Customs is now seeking final approval to place attachés in Brussels, Paris and the Hague. If the initiative is successful, there may be postings in other member states.

The plan has come to light at a time when the European Commission is working to strengthen co-ordination between national tax authorities in response to the changes caused by the single European market. The removal of border controls on January 1 means customs officers now depend on those who trade within the EC filing accurate monthly or quarterly VAT returns. They no longer collect documents on goods at EC borders.

The EC recently introduced a system called the VAT Information Exchange System to trace trade across boundaries, and another called the Customs Intelligence System which relays anti-fraud messages between 170 computer terminals in the national customs services.

It plans to introduce a further version by next summer. It also plans to launch its Matthaeus programme in 1995 to second about 100 EC tax investigators annually to other countries for two or three weeks each.

Customs said it was too early to tell whether fraud had risen as a result of the single market. Attempts to gauge its impact have been complicated by companies' difficulties in complying with the new rules, some of which are yet to be finalised.

But in the first three months of the new regime, Customs had brought its largest ever VAT fraud case to court. In March Operation Erie 2 had culminated in Customs charging 11 British nationals with a £10m VAT fraud on gold transported from Luxembourg to the UK.

Mrs Christiane Scrivener, the commissioner responsible for EC tax policy, is expected to announce at the next Ecofin meeting for economic and finance ministers that there is little evidence so far of substantial fraud since the start of the single market.

Her estimate is based on the fact that preliminary figures from member states show little difference between total VAT collection levels between this year and last.

Hurd in move to heal rift on Europe

By Kevin Brown, Political Correspondent

MR DOUGLAS HURD, the foreign secretary, yesterday sought to bridge government divisions over next year's European parliament elections by distancing the Conservative party from its federalist allies.

Speaking to Conservative activists in the Cornwall European constituency, Mr Hurd said the party would campaign hard in the June elections to defeat the parliament's socialist majority.

But he said the manifesto would not endorse the federalist platform of the European People's Party group, to which the Conservative parliamentary group belongs.

"We urgently need to restore a centre-right majority in the parliament, with more Conservative MEPs working with – but not subordinate to – our allies in the EPP," he said.

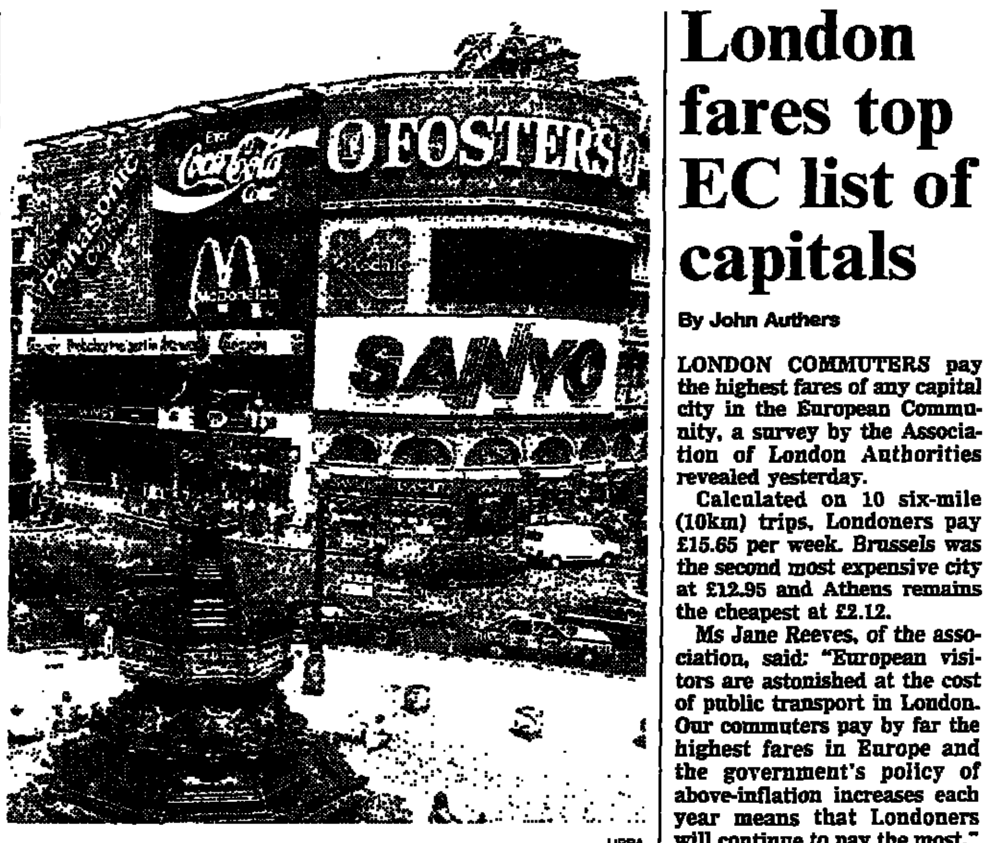
"The European Parliament is too important to be hijacked by yesterday's men with tired ideas. Our candidates will fight on a Conservative manifesto which we have begun to prepare."

The party's link with the EPP has angered rightwing Euro-sceptics, prompting some to decline to canvass for candidates suspected of being "soft" on federalism.

Conservative leaders are keenly aware that continuing divisions on Europe could lead to an embarrassing defeat.

The Tories lost a third of their European seats in the 1989 election, when they emerged with 32 of the 78 British mainland seats, compared with 45 won by Labour.

According to confidential research by Conservative Central Office, up to a quarter of party seats are threatened, mostly by Liberal Democrats.



UPPA

Land Securities is offering the Panasonic slot on a five-year lease

Chance to put a name in lights

By Diane Summers, Marketing Correspondent

AN OPPORTUNITY to advertise in lights at London's landmark Piccadilly Circus comes up next year. The £1m-a-year neon slot falls vacant following a decision by Panasonic, the Japanese consumer electronic company, not to renew its lease on the site.

Land Securities, the property company, is offering the slot on a five-year lease from June 1994. The new sign will "have to be compatible" with other advertisers, which include Coca-Cola, McDonald's, Foster's and Sanyo, said the company. "For example, Pepsi would probably not be on," it explained.

In the course of a year about 24m vehicles, 100m bus passengers and 32m underground passengers use Piccadilly Circus, said Land Securities.

The 1,600 sq ft site currently takes 7,620 ft of neon tubes, 29,000 ft of cables and has 25 computers controlling 15,000 electrical switches.

Panasonic said yesterday that after 10 years of having its name in lights at Piccadilly Circus "other opportunities had become available".

It is 20 years since a British-owned company advertised at the famous site, although past names have included BP, British Airways, Schweppes and Players Cigarettes.

Coca-Cola has displayed its illuminated sign since 1968.

London fares top EC list of capitals

By John Authers

LONDON COMMUTERS pay the highest fares of any capital city in the European Community, a survey by the Association of London Authorities revealed yesterday.

Calculated on 10 six-mile (10km) trips, Londoners pay £15.65 per week. Brussels was the second most expensive city at £12.95 and Athens remains the cheapest at £2.12.

Ms Jane Reeves, of the association, said: "European visitors are astonished at the cost of public transport in London. Our commuters pay by far the highest fares in Europe and the government's policy of above-inflation increases each year means that Londoners will continue to pay the most."

London Transport accepted the association's findings. It said London fares were so high because of government policy of meeting most transport costs from fares, rather than general taxation.

It said: "London's transport services are by no means the most expensive in Europe. However, we work on a subsidy of less than 10 per cent of running costs. In other cities, subsidies can be as high as 70 per cent or 80 per cent."

He said Stockholm, outside the EC, was the only European capital where transport fares rivalled London's.

The placings are:

1	(1) London	£15.65
2	(6) Brussels	£12.95
3	(–) Berlin	£12.24
4	(3) Amsterdam	£10.45
5	(2) Dublin	£9.08
6	(7) Paris	£8.80
7	(5) Copenhagen	£8.60
8	(–) Lisbon	£3.98
9	(9) Madrid	£2.79
10	(8) Rome	£2.52
11	(10) Athens	£2.12
Average		£8.11

(last year in brackets)

Banham throws council review into confusion

By John Authers

AN ATTACK by Sir John Banham, chairman of the local government commission, on a policy change by Mr John Gummer, the environment secretary, has thrown the local authority review into confusion.

Last month Mr Gummer said two-tier authorities should be replaced by all-purpose unitary authorities, even if they cost more. He said counties which keep the existing two-tier local authority structure should be an exception.

Sir John said yesterday: "I think it's absolutely astonishing that a government which claims it's under huge pressure to contain public spending is willing to put its name to the proposition that the extent of administrative overhead costs in shire England is of absolutely no concern."

He was concerned "both as a citizen and a taxpayer".

The commission, charged with redrawing the map of local government in England, was appointed by the environment department.

Sir John's move follows a letter by Mr Howard Davies, director-general of the CBI, to Mr Gummer describing the department's new policy as "an exercise in bureaucratic job creation across the country".

The letter said: "We have always suspected that local government reorganisation could turn out to be an expensive hobby for the government."

The department replied that the latest guidance asked the commission to find proposals which were "worthwhile and cost-effective over time".

The government's desire for unitary authorities could also create conflict with Sir John. Polls conducted for the commission and published earlier this week found that an overall majority of local people in Durham favoured retaining the status quo. They rejected the commission's recommendation of two unitary authorities.

Sir John said he was "most unlikely to discount the clearly expressed view of the people of Durham who have had a chance to look very closely at a range of unitary councils and are clearly unimpressed by them".

The Association of County Councils endorsed "every word" of Sir John's comments. Ms Tina Day, of the association, said: "This vindicates the idea of setting up an independent commission."

But the Association of District Councils supported the government's new policy. It said: "The commission have appeared to treat cost as the sole determinant rather than one of the factors which should be taken into account."

Radio may carry adverts for pirate BSkyB cards

By Raymond Snoddy

SATELLITE Decoder Systems, the company selling unauthorised decoders for Sky Television subscription channels has booked a month-long advertising campaign on commercial radio.

The campaign follows advice from Mr Geoff Holland, Cheshire's principal trading standards officer, that it does not appear to be illegal to advertise unauthorised decoders in the UK.

Broadcasting legislation makes it a criminal offence to manufacture, hire, distribute or use the pirate decoders – but not apparently to advertise. Mr David Lyons of Satellite Decoder Systems said yesterday he intended to advertise his card, which unlocks all the Sky subscription channels, and continue to send out information sheets.

All mail received would be sent unopened to his office in the Irish hamlet of Ballyegan in Co Offaly, and cards would be posted from Ireland.

There is no specific law in Ireland, or in most European Community countries, outlawing pirate television decoders.

Mr Lyons has paid for four 30-second advertising slots a day for a month on Marcher Coast FM and Marcher Gold – commercial radio services covering the North Wales coast and Wrexham and Deeside.

Ms Sue Whittle, head of sales at the broadcaster, said yesterday the stations had been assured by trading standards authorities that it would not be illegal to advertise such a product.

But she emphasised that she would not clear the advertisements until she had heard what they said.

If the Marcher stations do broadcast the advertisements it could open the way for more extensive advertising of the unauthorised cards which seem to be coming to Ireland from Germany.

Pearson, owner of the FT, has a significant stake in British Sky Broadcasting, the company that operates Sky.

Industry shops around for power

INCREASING NUMBERS of companies are buying their electricity from a supplier other than their local power company, says a survey by Offer, the industry regulator, Michael Smith writes.

More than half of the electricity in the competitive market is sold by electricity suppliers to customers outside the area where they have a distribution monopoly.

Since electricity privatisation three years ago the 5,000 electricity consumers in England and Wales using more than 1MW have been able to shop around for their supplies.

About a third of them are doing so, according to the Offer survey. PowerGen, the generator, and regional electricity companies operating outside their area, have increased their market share while that of National Power, the other large generator, has declined.

Polly Peck case may move courts

THE High Court action brought by the administrators of Polly Peck to recover £75m of missing funds from Citibank could be halted and transferred to courts in Switzerland after a dispute over jurisdiction.

Touche Ross, the PPI administrators, claim that Citibank's Swiss subsidiary is liable for £75m of the money allegedly transferred by Mr Asil Nadir, former Polly Peck chairman, from Citibank London to its Zurich operation and then used for his personal purposes.

Mr Justice Vinelott, the trial judge, has decided to adjourn the case until the Swiss authorities decide if is within their jurisdiction.

Businesses back IT campaign

MR PETER BONFIELD, chairman and chief executive of ICL, and Mr Joseph de Feo, head of service businesses at Barclays Bank, are among those supporting an initiative to improve information technology skills in UK companies.

The initiative, called the IT Skills Forum, is being run by West London Training and Enterprise Council to act as a lobby for improved training programmes.

Leyland Daf ruling postponed

NEARLY 2,500 former Leyland Daf van and truck workers dismissed when the company went into receivership will have to wait for an industrial tribunal ruling on compensation.

The workers, from the Leyland and Chorley plants in Lancashire, the van plant in Birmingham and Glasgow's Albion works, say they were dismissed without the proper consultation period.

The tribunal in Manchester was told yesterday that the company accepted that the 90-day period had not been entered into – but that the redundancies were forced on them because of excess capacity at the plants.

The tribunal reserved judgment. Their ruling will be given in writing to the four unions involved.

Adams calls for demilitarisation

NORTHERN Ireland needed demilitarisation, not simply an IRA ceasefire, Mr Gerry Adams, Sinn Fein president, said yesterday. Discussing the ground-breaking talks he has held with Mr John Hume, leader of the Social Democratic and Labour party, Mr Adams said: "You cannot expect one element in this equation to make a move. What we need is demilitarisation."

Coal safeguard

THE GOVERNMENT said yesterday that it would safeguard concessionary fuel entitlements of British Coal employees following privatisation. In a consultation document the Department of Trade and Industry said the fuel obligations towards former employees would be transferred from British Coal to the secretary of state after privatisation.

Costs awarded

THREE retired detectives were yesterday awarded legal costs by the judge who threw out allegations against them of tampering with evidence in the prosecution of the Birmingham Six. The three West Midlands officers had all denied charges of perjury and conspiring to pervert the course of justice.

Advisers positive on Lloyd's change

By Richard Lapper

LEADING independent financial advisers, who guide the portfolios of investors, seem to be taking a positive attitude towards the new investment trusts being formed to provide corporate capital for Lloyd's.

The insurance market is hoping that its Names – the individuals whose assets support the market – will want to invite corporate members to join the market next week at an extraordinary meeting.

Merchant banks and Lloyd's agents have already issued pathfinder propectuses in preparation for flotation of four new investment trusts, all of which would seek backing from individual as well as institutional investors.

At least 12 other similar schemes are at an advanced stage. Lloyd's is expecting between £500m and £1bn in corporate capital to join the market next year.

Financial advisers, who will help market these schemes to individuals, have mixed views but some have already decided to recommend that their clients buy shares in the trusts.

"We all think it is very exciting," said Mr Mark Bolland, an adviser with Chamberlain de Broe, a London-based adviser that offers a fee-based service for the better-off.

He added: "To be able to go into these markets with a complete floor on losses may well be attractive."

Mr Clive Scott-Hopkins of Towry Law, one of the country's biggests advisers, is another enthusiast. "One should recognise that the market is on the recovery and rates are moving up very considerably," said Mr Scott-Hopkins. "It ought to do well over the next two to three years."

Individuals with £1,000 to invest should be able to buy shares in the trusts, while wealthier investors can make a minimum £20,000 investment in those parts of the trusts that are placed privately.

Investors in the new schemes – like Lloyd's Names – will earn a return both from investment and from underwriting profits. Money raised by the trusts will be invested in a range of gilts and equities but will also be used to support underwriting by Lloyd's syndicates. For every £1 in corporate capital backing, syndicates can underwrite £2 in premium income.

However, unlike Lloyd's Names, the new investment trusts will have limited liability for losses. If underwriting syndicates crash, as many have done over the past five years, investors will simply lose the amount of capital they have committed. Lloyd's Names have unlimited liability for losses and can theoretically be pursued by creditors for their entire personal wealth.

Mr Scott-Hopkins said the new schemes were the "best of both worlds. You have limited liability and very considerable gearing".

"The worst that could happen is that you could lose your £10,000. In practical terms that is not likely now that Lloyd's hasput its house in order," he added.

Other financial advisers have doubts. Mr Jeremy Evans of Chantrey Vellacott said his company was taking a "wait and see attitude. To a great extent it very much depends what happens over the next 12 months. I'm not totally convinced it will be as profitable as everyone says."

Mr Stephen Lansdown of Hargreaves Lansdown says his firm cannot decide whether to recommend the plans. "We may be obliged to take these to our clients. But I am suspicious. They are complicated vehicles. Emerging markets are a dream compared to these. I can talk about Chile and Argentina until the cows come home. But Lloyd's underwriters . . . ?"

Some advisers remain firmly opposed. "I can see no evidence that their losses are going to end," said Mr Robert Boyton, of Boyton Financial Services. "There is no track record on which I can make a recommendation to my clients. I'm very much a contrarian but what concerns me with them is that they have not reached the bottom of the cycle."

LEADERS OF loss-making Lloyd's Names are threatening to adjourn a crucial meeting on Wednesday in order to press the market's council – or governing body – to settle legal disputes at the insurance market.

Leaders of the loss-makers have been collecting proxy votes from their members, who are among 31,607 Names eligible to vote at a meeting called by Lloyd's to approve the introduction of corporate capital.

They believe they may be able to defeat the reform at the extraordinary meeting. But they fear that voting down the corporate capital proposals would throw the insurance market into chaos, end hopes of attracting new investment and destroy the chances of an out-of-court settlement.

It is understood that the adjournment proposal, which is advocated by at least two of the 37 Lloyd's Names action groups' leaders, will be discussed at a meeting on Monday of the Lloyd's Names Associations Working Party, which represents the action groups.

MAIN LLOYD'S INVESTMENT TRUST/COMPANY SCHEMES

Name	Supporters	Capital sought
Pathfinder prospectuses issued		
CLM Insurance Fund	Sedgwick, BZW	£200m
Finsbury Underwriting Inv Tst	Rea Brothers, UBS, Wren	£30m
HCG Corporate Advisers	JO Hambro, Conning, Grimston	£100m
Hiscox Select Insurance Fund	Charterhouse Tilney, Roberts & Hiscox	£28.9m
Announced		
None as yet	Murray Johnstone, Willis Faber	£50m
Premium Trust	Wellington, Noble, Grieg Middleton	£30m
Masthead Insurance Underwriting	Murray Lawrence, Hambros Bk. Hoare Govett	£50m
Fenchurch Investment Trust	Fenchurch, Guinness Mahon	£35m
New London Capital	Warburg, Chartwell, Mercury Asset Management	unknown
Syndicate Capital Trust	Rafael Zorn, Hemsley, IAL	£30m plus
Angerstein Underwriting Trust	Stace Barr, NatWest Markets Corporate Finance	£75m
Corporate Membership	Peel Hunt	£8m-£20m
London Ins Market Inv Tst	James Capel, Samuel Montagu	£250m
Johnson Fry Crp Ins Recovery Tst	Johnson Fry	–
Other possible schemes		
None as yet	Phoenix Secs, Donaldson, Lufkin & Jenrette, Anton	–
None as yet	Hill Samuel, Panmure Gordon, RF Kershaw	£50m
None as yet	JP Morgan, Marsh McLennan	–
None as yet	Salomon Brothers, Johnson & Higgins	–
None as yet	Kleinwort Benson, Sturge Holdings	–
None as yet	London Wall	–

Major's new man will need all his cleverness

Kevin Brown on the task facing Christopher Meyer, the high-flyer who is to be press secretary at Number 10

MR CHRISTOPHER MEYER, the diplomatic high-flyer who takes over in January as the prime minister's press secretary, is widely described as a clever man. He will need to be.

The position of Mr John Major's government could be worse, but not much. The latest ICM opinion poll, in The Guardian newspaper, puts Conservative support at 31 per cent, compared with 46 per cent for the Labour party. Mr Major's personal rating is 23 per cent – just ahead of Mr Paddy Ashdown, the Liberal Democrat leader, but well behind Mr John Smith, Labour's leader.

Mr Meyer, 49, will not be expected single-handedly to revive the government's popularity. That is the job of the prime minister, the cabinet and Conservative Central Office, the party headquarters.

The press secretary's job is more subtle. He relays the prime minister's views to political journalists, usually by means of unattributable briefings. He rarely speaks on the record and never gives television interviews.

But his contacts with journalists help set the tone of media coverage, and he influences the government's overall communications strategy through a weekly meeting of departmental press secretaries, which he chairs.

The two roles make him a powerful, if shadowy, figure. They also make him a target for criticism if things go wrong.

Mr Gus O'Donnell, the affable economist who has done the job since Mr Major moved into 10 Downing Street in 1990, shares with the prime minister a south London background and a love of sport. He is liked by political journalists, who respect his honesty and his refusal to cross the line which separates the assiduous civil servant from the party hack.

Yet Mr O'Donnell, 41, has been the target of a whispering campaign among backbench Tory MPs, mostly disaffected rightwingers, who blame him for the government's apparent inability to get its message across. Even loyal backbenchers have called for changes to improve presentation of government policies.

Mr O'Donnell has not been forced out. He is leaving voluntarily for a senior Treasury post advising on monetary policy. But the prime minister has taken the opportunity to beef up his media presentation.

Mr Meyer, a Cambridge history graduate, is Britain's deputy ambassador in Washington, where he and Sir Robin Renwick, the ambassador, are regarded as the most influential British diplomatic team for years. Mr Meyer is thought to have been in line for promotion to ambassador before deciding to accept the job at Number 10.

He made his name as head of the Foreign Office news department from 1984 to 1989, when he acquired a glowing reputation as a tough and intelligent aide to the then foreign secretary Sir Geoffrey Howe, now Lord Howe.

He is best remembered for a coup at the 1987 Commonwealth summit in Vancouver, when Lord Howe and Mrs Margaret (now Baroness) Thatcher, then prime minister, were under pressure from Canada to reduce British trade with South Africa. Britain appeared likely to suffer a serious diplomatic defeat until Mr Meyer discovered some little known figures demonstrating that Canada was also trading with South Africa on a much greater scale than had been realised.

Sir Bernard Ingham, then Lady Thatcher's press secretary, describes him as intelligent and clear-minded, with enough political nous to restrict himself to representing the prime minister, rather than falling into the trap of charting his own course.

But the best political antennae in the world will not protect him from the wrath of Tory backbenchers if things continue to go badly for the government. "My experience is that MPs panic every five minutes," says Sir Bernard. "When the government goes wrong they always blame the presentation. They tried to force me to quit regularly."

Christopher Meyer: made his name in Foreign Office news department

Price wars force Courage to shed 700 jobs

By Philip Rawstorne

COURAGE, the UK's second biggest brewer, is to shed 700 jobs during the next 18 months – casualties of the price wars between national brewers and other competitive pressures on the industry.

Mr Nick Bryan, managing director of Courage, which is owned by Fosters Brewing of Australia, said yesterday that the decision was "regrettable . . . but vital if we are to secure the long-term growth required for success in the future.

"The UK brewing industry has become increasingly volatile and competitive due to the cumulative effect of falling beer consumption, increased excise duty, imports, and retailer concentration."

Beer consumption has fallen by about 4 per cent during the past year, and competition between brewers to supply the growing number of independent pubs has intensified.

Courage has been one of the most aggressive contenders in a price war in which discounts of up to 50 per cent of list prices have been offered.

Mr Bryan said profit margins had been squeezed so hard that insufficient resources were being generated for the investment needed in beer brands and customer service. "We had no alternative but to cut our costs," he added.

Resources released by the job cuts would enable the group to provide stronger support for its brands, beginning with a marketing programme next year for Foster's lager and John Smith's bitter.

Courage said that its rationalisation programme would include management delayering as well as reduction of head office services.

Neither its five breweries – at Bristol, Reading, London, Halifax and Tadcaster, in North Yorkshire – nor its 30 distribution depots would be closed.

The company said that compulsory redundancies could not, however, be ruled out, although it would redeploy as many as possible of those affected within the business and would provide generous severance arrangements for those who lost their jobs.

The TGWU general workers' union yesterday asked for an early meeting with Courage's management, and shop stewards will meet, probably next week, to discuss their response to the job cuts.

Mr Brian Revell, the union's national secretary for the drinks industry, said: "We will support our members in their resistance to these serious job losses." He added that the government must take part of the blame for the damage done to the industry by the Monopolies and Mergers Commission inquiry and by the high levels of beer tax.

Manchester shopping centre gets go-ahead

By Ian Hamilton Fazey, Northern Correspondent

CLEARANCE WAS finally given in the High Court yesterday for the controversial £200m shopping centre at Dumplington on the banks of the Manchester Ship Canal.

After eight years of takeover battles, planning inquiries, a dispute between shareholders and legal wrangling eight local authorities failed in a last-ditch attempt to overturn the government's go-ahead for the centre, in Trafford Park, given last March.

They had argued the centre would affect town centre trade in Manchester, Bury, Bolton, Oldham, Rochdale, Stockport, Tameside and Wigan.

The centre – to be developed by the Peel property group – is scheduled to open in 1997. Peel is predicting it will create 6,000 construction and retail jobs. The 300-acre site will house 129 shops, two superstores, a food hall, restaurants, leisure facilities and parking for 2,000 cars.

Manchester's metrolink supertram system will be extended through Salford Quays and Trafford Park to the new centre.

The centre's market will be the 7m population of north-west England, north Wales and some of the west Midlands. Because the site is near five motorways and one main trunk road, most people in the region will be able to get there within 50 minutes.

The site's potential was the lure for the hostile takeover of Manchester Ship Canal, the landowner, by Mr John Whittaker, Peel's chairman. He won control in 1987 after two years but was then stalled by a series of public inquiries and a dispute with the canal company's minority shareholders over the land's potential value.

There were inquiries into three competing schemes for a retail centre in the area. Further delays occurred over traffic forecasts and whether the M63 motorway would have to be widened.

A meeting last month approved the scheme for Peel to buy out minority shareholders at £23 a share, plus a £7 loan note, redeemable for £10.50 when the centre opens.

Yesterday's decision is expected to enhance the prospects of Peel, which is now fully absorbing the ship canal into its own Stock Exchange quotation. Peel's shares closed up 11p yesterday at 340p.

Shephard's pastoral vision

Alison Maitland and **Deborah Hargreaves** interview the agriculture secretary

Tony Andrews

Some critics of agriculture minister Gillian Shephard suggest she may be ducking difficult issues

FARMERS need to improve their image and convince the public that they are doing something in return for more than £1bn in aid they receive each year, according to Mrs Gillian Shephard, agriculture minister.

Mrs Shephard, who meets her European Community counterparts in Luxembourg on Monday, wants action to curb EC spending on agriculture combined with greater emphasis on the environment.

She said a "greener" Common Agricultural Policy made sense to the public so it was "a much bigger question than just fiddling about with the regulations". This would mean allowing whole farms to be taken out of production under controversial set-aside rules and turning over land for woodland.

Britain was pushing hard for further reform of the CAP and reductions in the "ludicrous" levels of EC beef stocks. In her 4½ months in the job, Mrs Shephard has been working to force further CAP reform.

Mrs Shephard, the daughter of a Norfolk smallholder, relishes the "hands-on" aspects of her brief. But there has been some disappointment that she has failed yet to tackle some pressing matters.

Mr David Naish, president of the National Farmers' Union, stresses that "there are a number of decisions which now require urgent attention". Some critics suggest Mrs Shephard may be ducking difficult issues. Some of these, such as the future of set-aside schemes and the eventual objectives of a General Agreement on Tariffs and Trade settlement, require intense negotiation at EC or international level.

But Mrs Shephard must also resolve some important UK matters. She must decide whether to abolish the Agricultural Wages Board, the statutory minimum pay body for farm workers, in the face of opposition from employers and farm workers alike. She must also rule on the dispute over restrictions on the number of days fishermen can spend at sea and preside over milk market de-regulation.

Farmers have argued that the diffuse nature of the industry makes the Agricultural Wages Board more important than other wages boards abolished by Mrs Shephard when she employment secretary. But she is not convinced.

However, she hinted that concessions might be made on the fishing dispute. At the moment, the rules on days at sea, due to come into force in January, will affect all UK fishermen with trawlers more than 10 metres long. But she suggested the limits might be applied more selectively.

In addition, she is keen to see British farmers tailor production more closely to the needs of consumers.

Mrs Shephard is keen to erode the UK's £6bn food trade deficit, but has been criticised by the industry for not making money available to encourage consumers to buy British.

Mrs Shephard said the government was looking at helping producers with strategy and market planning rather than giving more cash help.

The Ministry of Agriculture, Fisheries and Food has traditionally had a close relationship with farmers. Mrs Shephard takes a broad view of its role as encompassing the whole of the rural economy.

Dairies criticise haulage contracts

By Deborah Hargreaves

DAIRY companies have become embroiled in another row with the Milk Marketing Board about arrangements for liberalising the £3.3bn milk market next April.

The dairies say the board will continue to monopolise haulage arrangements for milk, making it more difficult for new entrants to the market.

The board will be wound up in April when it plans to transform itself into Milk Marque, a voluntary farmers' co-operative.

But the dairies have objected to board proposals which envisage transferring existing haulage contracts for the UK's 11bn-litre milk market to the new body until 1995.

"Our main concern is that as we go to a free market, there should be open access for everyone to the transport system," said one dairy representative.

The board says it will put all of its transport contracts up for tender at the end of next year, but the dairies are arguing this should be done as soon as the market is liberalised.

The contracts will allow Milk Marque to tie up existing haulage capacity in the initial stages of the new market, even if it fails to secure all of the supply.

Mr Trevor Blackburn, chairman of Northern Foods' dairy group, said: "It is an attempt to monopolise all available milk haulage beyond the end of the scheme to create another substantial difficulty for organisations seeking to contract directly with farmers in the free market."

The board said it could not understand why the dairies were so upset, as the contracts would be put up for tender at the end of 1994.

At the end of this month, the board will take over 23 milk delivery depots from Dairy Crest. Haulage contracts from these depots will be put out to tender by January 1994.

Lex, Page 24

Hollick joins bids to revive Channel 5

By Raymond Snoddy

LORD HOLLICK, chairman of MAI, the television, advertising and financial services group, has joined those trying to revive the idea of a national Channel 5.

Lord Hollick has sent a formal expression of interest to the Independent Television Commission arguing that the original Channel 5 concept should be re-advertised.

Last December the ITC rejected the only bid to operate the channel from a consortium led by Thames Television mainly on the grounds of inadequate shareholder commitment.

Later the commission set out three options for the future of Channel 5:

- A re-advertisement of the original concept – a channel which could reach about three-quarters of the UK population.
- Using the frequencies for a more locally based form of city television, an option that would require legislation.
- Using the Channel 5 frequencies to help plan a transition to digital television offering potentially large numbers of new channels.

Lord Hollick said yesterday the first option would offer an attractive alternative service at no extra cost to the viewer.

One reason why MAI is particularly interested is that most of its Meridian ITV franchise in the south of England would not be able to receive the Channel 5 signal.

Thames Television, which like the Financial Times is a wholly owned subsidiary of Pearson, has also submitted a letter of interest in a re-advertised national channel. Thames is still having talks with media company Time Warner and the Atlanta-based newspaper and television group Cox about the possibility of bidding for the franchise.

Bank of England wins appeal over Mount Banking

By Andrew Jack

THE BANK of England was yesterday vindicated in its decision to petition a year ago for the closure of Mount Banking, a small Asian-owned bank.

The Banking Appeal Tribunal ruled that the Bank had been justified in applying to a High Court judge for provisional liquidation in October last year.

The tribunal's 52-page ruling, circulated yesterday, showed that the Bank acted on suspicion of large-scale money laundering of proceeds of a fraud against Standard Chartered and the Indian Stock Exchange, and "other serious improprieties".

The judgment is particularly significant in ratifying the Bank's attempts to take a bolder line in using its judgment as a regulator since the closure of the Bank of Credit and Commerce International.

The Bank had been criticised in the Bingham report into BCCI for relying too far on high standards of evidence as a basis for regulatory actions and being unwilling to have its authority tested.

The judgment came in the first sitting of a tribunal under the 1987 Banking Act. It met in September under the chairmanship of Mr Jonathan Mance, QC. It revealed that the Bank of England has allowed Mount Banking to keep its licence for another three months, which may give time for its sale.

The tribunal determined that the Bank was right to assess the two shareholders of the bank, Mr Navinchandra Bhagwanji Shah and Mr Suresh Bhagwanji Shah, as "fit and proper" to hold their positions as directors.

The tribunal ordered the appellants to pay the Bank of England's costs, expected to be several hundred thousand pounds.

Locals 'resentful' of Sellafield plant

By Chris Tighe

THE ACCEPTANCE by people living near Sellafield of the Cumbrian nuclear plant is based more on its role in the local economy than on a good understanding of nuclear power, an independent report says.

The report, by Lancaster University's Centre for the Study of Environmental Change and the consultants Environmental Resources Management, says there is considerable local resentment at the perceived withholding of information about leaks and other pollution incidents at Sellafield.

The report is one of a series commissioned by Cumbria County Council as background studies on the underground nuclear waste repository that Nirex, the nuclear industry's waste disposal company, proposes to construct at Sellafield.

The nuclear industry tends, it says, to continually undermine its credibility with local people by insisting on giving an impression of comprehensive certainty and control.

British Nuclear Fuels rejected the report's comments on public and company attitudes. It said: "We do make mistakes and we admit those mistakes openly; it's a warts and all operation."

Further 300 jobs cut at VSEL

A FURTHER 300 job cuts were announced yesterday at shipbuilders VSEL in Barrow-in-Furness, Cumbria.

In the past three years VSEL has cut its workforce steadily from 14,000. The company has said it might have to reduce its workforce to 5,000 in spite of its diversification programme.

The losses are in both manual and management areas and will take place between now and December.

Mr Ray Davies, the personnel director, said the move was due to a "continuing reduction in our Ministry of Defence workload, coupled with the need to reduce costs to make us more competitive".

He added that the losses – which will bring the workforce down to 6,500 – were in line with those anticipated in the company's strategic plan.

BA's no-smoking services extended

BRITISH AIRWAYS is to ban smoking on its longest routes on a trial basis from January 1. BA chairman Sir Colin Marshall said the ban on flights to and from Australia and New Zealand was being introduced because demand for smoking seats had been falling rapidly on many routes.

The no-smoking trial will apply to all BA flights to Sydney, Melbourne, Brisbane, Adelaide, Perth and Auckland via both Singapore and Bangkok.

Record award for sex bias case

A WOMAN on Merseyside won a record £17,127 compensation for sex discrimination at an industrial tribunal yesterday – breaking for the first time the £11,000 limit which was abolished in August.

Wirral Hospital Trust was found to have discriminated against Mrs Kathleen Holden, a medical laboratory scientific officer who works part-time for the trust. The trust failed to offer to transfer Mrs Holden to full-time work.

Contracting-out body says law is discouraging bidders

By John Willman, Public Policy Editor

CONTRACTING OUT and market-testing of public services are in "terminal decline", according to the trade association representing government contractors.

Mr John Hall, director-general of the Business Services Association, said yesterday that regulations protecting the rights of staff whose work was contracted out were forcing many contractors to withdraw from bidding for public-sector work.

He predicted that contracting out would "wither on the vine" unless the legal uncertainties were reduced. The 25 per cent savings sought by ministers would not materialise unless contractors were free to reorganise work with fewer staff.

Mr Hall told a conference on contracting-out in the public sector at the Confederation of British Industry that the ability of contractors to improve the efficiency of public services was being blocked by the Transfer of Undertakings (Protection of Employment) regulations 1981.

Where the regulations apply, the contractor is required to take over the staff currently doing the work on existing terms and conditions. While the regulations did not apply in every case, the uncertainty was deterring contractors from bidding, Mr Hall said.

He added: "I don't believe that any of us could have envisaged the difficulty which has been created by the incursion of Tupe into public-sector tendering."

Speaking at the same conference, Mr Tony Baldry, environment minister, said that the government wanted to amend the European Community legislation. He said: "We are discussing our proposals with other member states and are finding increasingly that other colleagues in Europe are taking a similar view to ours."

Mr Hall welcomed the government's efforts to amend the EC legislation. But he said that much more could be done to keep contracting-out alive while Tupe continued.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday October 16 1993

Euphoria revisited

IT HAS long been clear that the securities markets are the only place left in the developed world where inflation continues to work its spell on prices. A sudden rash of paper bids and deals in the US, culminating in Bell Atlantic's outsized $22bn bid for Tele-Communications Inc on Wednesday, suggests that the business community has finally grasped the significance of this fact. If you have a barrowful of questionable currency, the sage thing to do is swap it as quickly as possible for something real. While most of the recent share-based acquisitions and mergers rest on plausible industrial logic, it seems likely that Wall Street's sky-high price-earnings multiples eased the thought processes of the industrial logicians more than somewhat.

Other bid announcements that preceded this elephantine telephone and cable television get-together include the contested battle for the film and publishing group, Paramount Communications; the KeyCorp and Society Corporation regional banking merger proposal; and pharmaceutical giant Merck's offer for the biggest US drugs distribution group, Medco. It can only be a matter of time before all this activity spawns a clutch of imitators in the UK. City merchant bankers' nostrils are already twitching at the scent of fees.

Bull market euphoria has thus entered a new phase; and it is, in a sense, the natural outcome of an asset price boom built on economic growth that continues to run well below potential. What else are businessmen to do but engage in paper shuffling when the economic indicators tell such conflicting tales? While broad money remains stagnant in much of the Anglo-Saxon world, reflecting the weakness of the banking system and the flight of savings out of banks into the capital markets, the narrow money used for transaction purposes is expanding vigorously, leaving central bankers in a quandary.

Urgent need

Bonds and equities have been rising simultaneously, despite the fact that the attraction of fixed-interest bonds for many investors rests on a deflationary view of the world that would be bad for corporate profits and equities. Some equity investors are assuming increased risk for no better reason than that the return on cash is low. Their optimism about corporate earnings is less a matter of analysis that the by-product of their urgent need for income.

One thing that would make partial sense of a simultaneous bull market in equities and bonds is a decline in real bond yields, after adjusting for inflation, as a result of a shift in the supply of savings relative to investment demand. Put another way, if nominal bond yields have been coming down faster than the economists have been shrinking their forecasts of inflation, the real cost of fixed interest capital will have been falling.

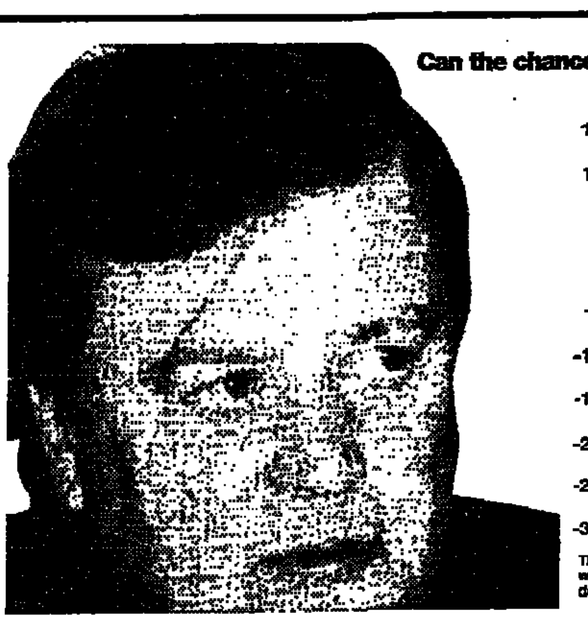
Because figures for real yields have to be based on forecasts of future inflation, there is inevitably a lack of precision about the argument. But the London Bond Broking Company estimates, on the basis of perfectly plausible assumptions, that real yields are now lower in the US, Japan, Germany and the UK than in the period from 1981 to 1992. In the case of the UK alone, the movement of index-linked gilts over the past 15 months clearly indicates a marked fall in real yields.

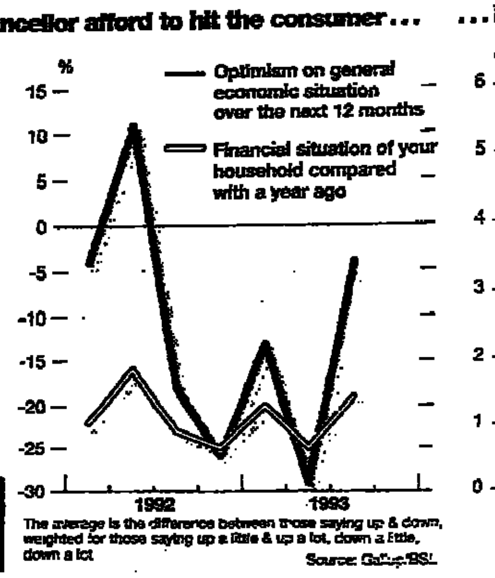
Strain in Europe

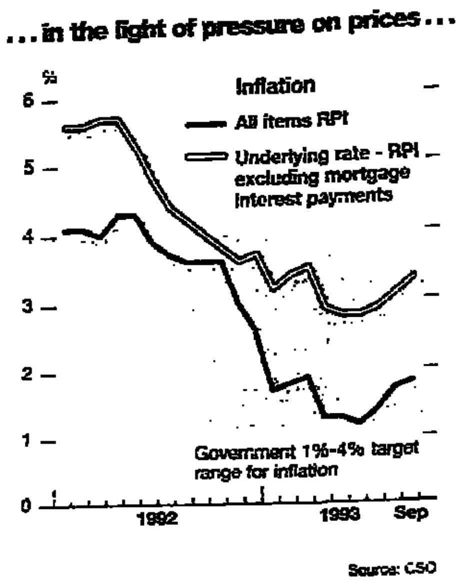
This flies in the face of the conventional wisdom that took hold after the fall of the Berlin Wall. Then it was widely assumed that the reintegration of Eastern Europe and the former Soviet Union into the free world economy would place huge demands on the world's financial markets. The assumption was reinforced by changed perceptions about Latin American debt and the growing enthusiasm in Latin America and Asia for economic liberalism.

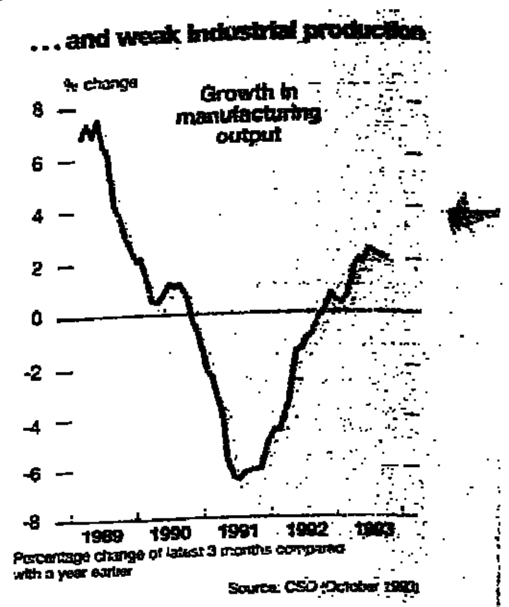
Yet in the event the strain in the financial markets has been largely confined to Europe, where unification transformed Germany from a net creditor to a net debtor as resources were diverted into the east German economy. Even then, the financial pressures, which were exacerbated by the rigidity of the exchange rate mechanism, came not so much from the capital markets as from the operations of the Bundesbank on short-term interest rates – this at a time when the Group of Seven countries were running up large fiscal deficits. In short, the global savings shortage failed to emerge.

But that is no cause for complacency. If the developed world has been able to accommodate these new requirements for capital, it is because the demands have been more subdued than expected and savings have been higher thanks to recession. That said, the jumbo deals that are now making headlines in the world's financial press are no cause for alarm precisely because they are being financed by equity. Taken together with the wave of public equity issues across the globe, this helps mitigate the damage wrought by the junk bond excesses of the 1980s. If there is damage in these mega-mergers, it will be industrial rather than financial. And it will take a long time before the shareholders fully grasp what has been done in their name.









Not such a lucky fella

Doubts over the UK's economic recovery have narrowed Kenneth Clarke's options for next month's Budget, says **Peter Norman**

Mr Kenneth Clarke has had a wonderful opening innings as chancellor.

Some 4½ months of masterly inactivity at the Treasury, offset by a rather more punishing schedule in television studios, have cemented his position as the cabinet heavyweight and the bookies' favourite as heir apparent to Mr John Major, the prime minister.

But as Mr Clarke's first big test – the unified Budget on November 30 – draws nearer, it is clear that he is no longer quite such a lucky fellow.

Successive chancellors have learned that the UK economy has a nasty way of springing unpleasant surprises just when things appear to be going well. Poor figures on production and inflation this week threaten to make Mr Clarke the latest in a line of distinguished victims of this trend.

With hindsight, we now know that the economic signals that appeared just after Mr Clarke moved into number 11 Downing Street in late May were too flattering. Looking back it seemed the UK was enjoying a "near perfect" recovery, led by exports and investment, that held out hopes of sustained non-inflationary growth.

The annual rate of inflation – at 1.3 per cent in May and 1.2 per cent in June – reached its lowest level for nearly three decades. Unemployment fell 23,100 in May, after similar falls in February and March. Manufacturing output was rising at an annualised 4 to 5 per cent and exports also showed strong growth.

The past week's figures have confirmed doubts about the manufacturing recovery. The Treasury made no attempt to hide its disappointment at the 0.7 per cent decline in manufacturing output in the three months to the end of August against the previous three months.

But it is easy to be too negative about the latest figures. Exports and industrial production have been depressed by the recession on the European continent. Mr Stephen Dorrell, the financial secretary to the Treasury, has pointed out rightly that recoveries do not "proceed in a straight line". The news that unemployment fell a seasonally adjusted 13,600 in September suggests that the economy as a whole is still growing. According to Mr Darren Winder, an economist with SG Warburg Securities, official figures next Friday could show that the economy expanded by about 0.4 per cent in the third quarter, leaving it on track for growth of about 1.7 per cent this year.

But the quality of recovery will be different from that signalled in spring. Output will have been rising in the service sector, rather than in manufacturing, and will have been sustained by the British consumer rather than the factory manager or the overseas client. In fact, Britain appears to have settled back into a traditional recovery pattern fueled by household demand.

A consumer confidence survey from Gallup and Business Strategies, an economic consultancy, found this week that the recovery in consumer spending is increasingly well established after rising for six consecutive quarters. Low interest rates, low inflation and the stabilisation of unemployment have boosted consumers' confidence compared with a year ago.

But recent Central Statistical Office figures for exports and producer prices suggest that recovery is showing other traditional patterns. UK manufacturers have used Sterling's devaluation since the pound's exit from the European Monetary System in September 1992 to push up margins where possible rather than maximise market share.

The government and Bank of England thus need to be vigilant on inflation. It is true that headline inflation at 1.8 per cent in September was still low by UK standards. But the upwards creep of the more important underlying rate, excluding mortgages, to 3.3 per cent last month from 3.1 per cent in August and 2.8 per cent in May and June, must disturb the authorities.

Not only is the underlying rate fairly near the government's 4 per cent target ceiling, set a year ago, but inflationary pressures are building up. Mr Norman Lamont's March Budget decisions to impose value added tax on domestic fuel and power as well as restrict mortgage interest relief to the lowest 20 per cent tax band will add 0.65 percentage points to the RPI from next April. The government's promise to raise road fuel duties by at least 3 per cent a year in real terms could push up petrol prices as early as December.

The deteriorating economic background has implications for Mr Clarke's first Budget. Rising inflation and the changing quality of growth formed the backdrop to yesterday's confidential conclave on Budget strategy attended by the chancellor, Treasury ministers and senior officials at Dorneywood in Buckinghamshire.

If there has been a consistent theme to his chancellorship it has been to stress the need to restore the nation's finances and bring down the Budget deficit from the forecast £50bn in 1993-94 at a faster rate than envisaged in March.

While not detailing possible tax measures, Mr Clarke has been unusually talkative for a chancellor about matters of revenue raising and public spending.

Micawberism – living in hope that 'something might turn up' – might be the best way forward for Clarke

We know that Mr Clarke sees no opportunity for cutting the deficit by reducing the "control total" for public spending below its pre-set level of £254bn for the 1994-95 financial year. This accords with his political beliefs: the chancellor is not one of those Tories who believes public spending is automatically bad. It may also jibe with political realities: reports leaking out of the special EDX cabinet committee that is trying to hold down departmental expenditures suggest the spending round is proceeding "bloodily".

Ever since his first major interview with this newspaper in July, Mr Clarke has been consistent in suggesting that taxes might have to rise in the Budget. He has made clear that he prefers indirect to direct taxation and has made no secret of his belief that Britain's value added tax net, which zero rates items such as foods, books, newspapers, new dwellings, childrens' clothes and sewerage services, is too narrow.

As befits a son of the industrial Midlands, he has spoken of the importance of a tax structure "which favours enterprise, entrepreneurship and thrift". He has indicated that he would not turn first to taxing the corporate sector in conditions of weak recovery.

But he faces problems turning preferences into policy. It is unlikely he can act boldly to increase VAT or widen its net.

VAT rises would feed through into both headline and the underlying retail price indices and increase the risk of underlying inflation exceeding the government's 4 per cent target ceiling. Also will Mr Clarke want to hit consumers with more VAT levies, announced just before Christmas, if they are now the mainstay of recovery?

Although the chancellor robustly defended existing plans to levy VAT on domestic fuel and power at the Conservatives' conference nine days ago, party activists in Blackpool's Winter Gardens made clear their dislike of tax rises in general and VAT increases in particular.

Other political factors may limit Mr Clarke's options. The 1992 election manifesto pledged to "maintain" mortgage interest relief, raise child benefits and pensions in line with inflation and increase spending on health in real terms. Mr Clarke is too much a politician to trample on these pledges. Mr Major, keenly interested in the Budget, also wishes to avoid any overt breach of manifesto commitments.

Yet the Treasury has been studying ways of further curtailing mortgage interest relief. But the fragile state of the housing market is another argument against too savage an attack on this subsidy, which will cost about £4.3bn in 1993-94 and £3.6bn in 1994-95.

Monetary policy is an area where Mr Clarke is being constantly urged to take action. While commentators could assert inflation was dead, it was easy to construct a strategy of fiscal tightening, offset by an interest rate cut to support the economy through fiscal consolidation.

Mr Clarke has kept base rates unchanged at the 6 per cent level set on January 26 this year.

But UK short-term interest rates are the lowest in Europe. It is not clear how far a further cut would help the housing market or mortgage borrowers. Most new mortgages taken out this year have been at fixed rates while many lenders have made clear that they could not pass on the full amount of any base rate cut in lower borrowing costs.

Lower interest rates might benefit industry, although industrialists have generally stopped complaining about rates. Without rate cuts on the continent, cheaper money in Britain could undermine the pound and give a new boost to inflation through imported goods prices.

There is also a political factor for Mr Clarke to weigh. Savers greatly outnumber borrowers. MP's post bags are full of complaints from moderately well-off pensioners lamenting the drop in their interest income since September 1992. Local elections are due in May and European elections in June next year. Would Mr Clarke, the politician, want to alienate further a group of voters that is already up in arms over VAT on fuel?

With just over six weeks to the Budget, Mr Clarke is walking a fine line. His dilemma should not be over-dramatised because the Treasury is skilled at finding hitherto unsuspected and relatively painless ways of raising revenue, by closing loopholes or altering tax allowances. But too much action to cut the deficit could tip the economy into a new recession. Too little, and the hope of tax cuts before the next election would evaporate.

Though it might go against the grain, Micawberism, living in hope that "something might turn up", might be the best way forward for Mr Clarke. Some £6.73bn of fiscal tightening has been programmed for 1994-95 as a result of Mr Lamont's March Budget. This strengthens the case for a "do nothing Budget" that leaves further action on the deficit until recovery on the continental has provided new support for activity in Britain.

It is no wonder that his big decisions on taxation will be left as late as possible next month. But as November 30 looms, Mr Clarke, the chancellor, may find that he is having to resolve some difficult conflicts with Mr Clarke, the politician.

MAN IN THE NEWS: ***Jiang Enzhu***

Mandarin in a masterly game

Like a man engaged in a marathon game of "Go", the Chinese version of chess, Mr Jiang Enzhu, China's chief negotiator in the Sino-British talks over Hong Kong, has given little away in a protracted struggle; but it appears now that he may be ready to break out of the pattern of stolid defence that has characterised the contest so far.

When Mr Jiang said this week that the negotiations were at a "crossroads", it was a clear sign that from China's perspective the two sides were now entering the beginning of the "endgame" in their battle of wills over Governor Chris Patten's proposals for an extension of democracy in Hong Kong.

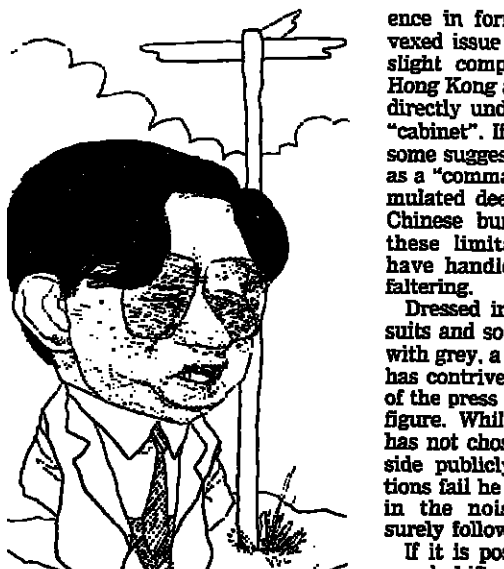
In this typically Chinese game of encirclement, the 55-year-old Mr Jiang is proving an adept "front man" in dogged defence of what he has described repeatedly as China's "principled stand". While his British counterpart, Sir Robin McLaren, UK ambassador in Beijing, has signalled the odd tactical shift – a hint of further British concessions galvanised the Hong Kong stock exchange yesterday – the Chinese official has played a waiting game, bolstering his defences and re-stating China's position *ad nauseam*. It is almost certainly a measure of Mr Jiang's diplomatic skills that at the end of more than 100 hours of face-to-face talks British officials know little more about their chief interlocutor than at the beginning, beyond noting a certain abrasiveness on occasions behind a bland exterior.

To the outside world, and to those who have faced him across an oval table of an opulent guesthouse of the Diaoyutai compound in Beijing over 13 rounds of desultory talks since April, Mr Jiang has conveyed the impression of the very model of a modern Chinese bureaucrat. From his public statements to the press to his lengthy private monologues about Mr Patten's "perfidious" plans to extend the franchise for elections due in 1994 and 1995, Mr Jiang appears not to have departed one iota from a carefully prepared script, or game plan.

If Chinese "chess" relies on infinite patience, and more than a little repetition, then he might be described as an exemplar in the diplomatic game. "He tailors his performance to the occasion. He is one of their smarter operators," is the assessment of a western official familiar with Mr Jiang's negotiating skills and urbanity.

It is a reputation widely acknowledged in Beijing's gossipy diplomatic community where the Chinese official is a well-known figure, thanks to a series of high-level foreign ministry posts, including director of the Department of West European Affairs, before his appointment as vice minister in 1991. A native of Jiangsu province, south of the Yangtze, Mr Jiang entered the foreign ministry as a translator in 1965, the year before the Cultural Revolution brought chaos to China. His fluent English led him to a diplomatic appointment in London where he served as third and then second secretary in the late 1970s.

While he has no reputation as an Anglophile, unlike several of his foreign ministry contemporaries, his language skills and his experience of dealing with the "English" made him an obvious choice to head Beijing's negotiating team over an issue as sensitive as Hong Kong. Among his peers, he has a reputation for meticulousness and perhaps more important, patience.



"He is very professional and hard-working," was the description one of his colleagues accorded him. But asked about anecdotes or personal details that might illuminate a picture of Mr Jiang foreign ministry cadres seemed at a loss. In keeping with reticence common to Chinese officials, Mr Jiang has shunned discussion about his background since the Hong Kong talks brought him to notice internationally.

What seems certain is that his prominent role will do his career no harm. While Mr Jiang may not seem an obvious heir apparent to Mr Qian Qichen, China's long-serving foreign minister, there is also no doubt that his background, experience, and now sustained international exposure equip him for bigger and better things.

A question that has hung over Mr Jiang since the first round of the Hong Kong talks has been exactly how much flexibility he might enjoy in the negotiations. Indeed, the foreign ministry's own influence in formulating policy on the vexed issue is unclear, and may be slight compared with that of the Hong Kong and Macao Affairs office directly under the State Council or "cabinet". If Mr Jiang is unable, as some suggest, to depart by so much as a "comma" from instructions formulated deep in the bowels of the Chinese bureaucracy, then within these limitations, he appears to have handled his "brief" without faltering.

Dressed in his conservative dark suits and sober ties, his hair tinged with grey, a coolly smiling Mr Jiang has contrived to appear in the eyes of the press to be a fairly avuncular figure. While talks stumble on he has not chosen to show his caustic side publicly, although if negotiations fail he can be expected to join in the noisy rhetoric that will surely follow.

If it is possible to discern subtle mood shifts over the many months of the Hong Kong talks, then this latest phase indicates an appearance of increasing certainty on the part of the Chinese that in this elaborate chess game their tactics of encirclement and wearing one's opponent down may be giving them the upper hand.

Judging, by phlegmatic reactions in Hong Kong to the ups and downs of Sino-British relations negotiations in Beijing over Mr Patten's proposals are hardly the worry they may have once been.

Whether this insouciance would survive a rupture between London and Beijing over the Patten proposals is another matter, but Mr Jiang certainly contrived to appear unfussed about such an outcome when he told reporters this week that the talks were at a "crossroads" and were "faced with two possibilities: reaching an agreement or not".

"If an agreement could not be reached," he said, "it would be no big deal." In the Chinese game of "Go" stalemate is a far from unusual occurrence.

Tony Walker

Torn in the USA

Americans are asking if Clinton has a map to guide him through a complex, post-cold war world, says **Jurek Martin**

If a day in government is a long time, a week can seem an eternity. Rarely has one seen so many twists and turns as the last seven days, with President Bill Clinton first put on the rack for foreign policy mismanagement in Somalia and Haiti, then momentarily freed from it by his own verbal counter-attack and the release of the downed US pilot in Mogadishu, only to be defied again by the murder in Port-au-Prince of the justice minister just hours after he had warned that the safety of Haitian democrats was a matter of great concern to the US.

A torrent of commentary has swirled around him and, if not all has been negative, the great bulk has questioned whether this president and his administration have any form of road map to guide their path through a complex and dangerous post-cold war world.

This time, significantly, it has not only been the predictable congressional blowhards, instant screaming TV pundits and displaced Republican foreign policy experts who have been tearing into Mr Clinton for the problems in Somalia, Haiti and, if now to a much lesser extent, Bosnia.

Senator Mr Richard Lugar, the Republican from Indiana, is invariably the soul of moderation, a firm believer in a bipartisan foreign policy. Yet this week he vented his complaints about the lack of consultation with the executive branch to the New York Times with uncharacteristic public venom.

"The roof has fallen in," he declared. "There is no significant congressional support for the president's policy in any of the three countries, and it's his own fault. A few people have stood beside him ... but they are doing it solely out of loyalty to the constitution and the role of commander-in-chief."

David Broder, whose political columns in the Washington Post are normally restrained, took dead aim this week at the foreign policy team. To the public, he wrote, Warren Christopher, secretary of state, was "a cautious corporate lawyer", Tony Lake, national security adviser, "a bookish academic" and Les Aspin, secretary of defence, "a garrulous brainstormer given to hypothetical musings".

"All three of them seem to indulge, if not encourage, Clinton's penchant for talking issues to death ... None of them has come close to achieving a degree of public confidence that would buttress the shaky trust in Clinton's management of international affairs." He thought Mr David Gergen, the presidential counsellor who has worked wonders on the domestic side, should "remind Clinton that there are Republicans who know their way around the world". The "ouch" could be heard around Washington.

Yet the president has had his supporters, some from unlikely quarters. President Isaias Afwerki of Eritrea wrote in the Washington Post that Mr Clinton had taken the "responsible and courageous decision" on Somalia. He may not carry much weight in Washington, but Senator Bob Dole, the Republican leader, does and he has tempered his frequently biting criticism to help beat back congressional attempts to force an earlier withdrawal from Somalia.

Some of the more thoughtful columnists, from Mr Clinton's own generation, have sympathised with his dilemmas and condemned the opportunism of his critics, especially the old interventionists. Michael Kinsley's syndicated column concluded that it was "arguable and tempting" both that the US should continue to lead the world and that it should retreat from it. "What is demeaning and harmful is the widespread belief that we can have it both ways."

E J Dionne of the Washington Post commended the economic emphasis in the Clinton foreign policy and urged him to make the connections to domestic well-being more clearly. "It ought not to be surprising that after 50 years of engagement many Americans think that the country's priorities should be turned inwards."

Precisely for this reason Mr Clinton had been enjoying some of the best weeks of his presidency, with approval ratings back up over 50 per cent on the strength of his expositions on healthcare reform and the North American Free Trade Agreement (a

AP

Washington tease: does the US know what it is doing in Somalia and Haiti?

battle not yet lost by any means) and a general sense that was getting on top of his job. A North Carolina speech on Monday, which did get lost in the foreign policy tumult, saw the president at his more effectively philosophical as he spoke of the need for personal, economic and community security during times of change.

But the outside world does not go away, and there is concern that this progress should not be derailed by external "crises" reflecting badly on the president's competence. This wired world, with CNN's ubiquitous cameras, demands instant responses from government and its opposition, but it also encourages an ephemeral attention span. This week's dramas may also be next week's history.

Yet the latest passage of events has been instructive in the light it sheds on the way this administration operates in foreign affairs. Its vaunted collegiality did not prevent a serious disagreement between the state and defence departments over the safety of the aborted Haitian mission, and it still relies to a remarkable degree on the intervention of Mr Clinton to win hearts and minds and take action.

Mr Christopher and Mr Aspin, for example, failed lamentably last week in their joint attempt to persuade congressional leaders that the US knew what it was about in Somalia. It took the president to set matters straight the following day, while this week the articulation of policy has been left almost exclusively, if understandably, to him. No wonder he sometimes wistfully comments on the time he devotes to foreign affairs.

The Washington knives have been out for Mr Christopher since January, first on the grounds that he was no conceptual global thinker and then for failing to get the European allies to intervene more forcefully in Bosnia. Now he stands accused of a lack of concern for the safety of US troops in Haiti and inattention to Somalia, where he is said to have underestimated the apparent obsession of Mr Boutros Boutros Ghali, the UN secretary-general, to nail General Mohammed Farah Aideed, the Somali faction leader. As it is, relations with Mr Boutros Ghali, additionally miffed that US special envoy Mr Robert Oakley's diplomatic mission is not under UN direction, are severely strained.

Yet there is no reason to suppose that Mr Clinton has lost confidence in his secretary of state, nor in Mr Aspin or Mr Lake. Indeed the president stoutly defended Mr Aspin's decision not to send additional weaponry to Mogadishu before the disastrous firefight two weeks ago that cost 17 American lives.

If Mr Clinton's comments on foreign affairs do not always reflect the passion he can impart on domestic issues, there was no doubt of its presence this week. The heat has been turned down on General Aideed, up on the *Haitian military*, and is lukewarm towards US involvement in UN peacekeeping, unless the terms (US military command and a commitment to political engagement, as in Cambodia) are right.

And if his critics could not see the consistency in this and thought he was "naive", then they failed to understand that "we are living in a new and different world" and that he had made "a pretty good beginning on the things that affect us most". As the sportswriters say here, the best offence is a good defence, and Mr Clinton, at the end of a difficult week, at least managed to launch that.

As the UK prepares to send more offenders to jail, **Alan Pike** asks whether prisons work

Walls do not a penitent make

If Mr Michael Howard, the UK home secretary, needs any hints on how to make prisons more austere as part of his forthcoming crackdown on crime, he can obtain a handy booklet from the Office of Population Censuses and Surveys.

Last year, OPCS published the results of the first national survey of prisoners in Britain's jails. Top of the list of improvements sought by inmates was better food. All Mr Howard need do is to serve lumpy potatoes, as well as restrict the other facilities that prisoners particularly value – phonecards, television sets in cells and more frequent visits by their families.

But Mr Howard's opponents hope that he will study the survey in more detail before he tries to increase austerity, or to implement other measures from his 27-point programme against crime that would increase the prison population. It shows that only 30 per cent of prisoners believe prison is a deterrent, compared with 93 per cent who regard it as an occupational hazard of criminal activity, and 86 per cent who say inmates learn more about crime while there.

Evidence of this sort, say critics, demonstrates that a crackdown on crime spearheaded by a crackdown on the minority of offenders who happen to be caught is doomed to failure. This week, as Prime Minister John Major backed Mr Howard, the band of critics was joined by Lord Woolf – from the government's point of view, an embarrassing opponent.

Lord Woolf, who dismissed the policy of imprisoning greater numbers of people as having a "miserable record of failure", is the senior judge who led the 1990 public inquiry into the riots at Strangeways and other prisons. Only two years ago, the government was among his report's admirers. A prisons white paper in September 1991 acknowledged its debt to Woolf. Mr Kenneth Baker, home secretary at the time, said the government accepted the central proposition of the report that "security and control must be balanced with justice and humanity".

Ministers were motivated not only by a desire to reduce prison overcrowding, one of the flashpoints of the 1990 riots. They had concluded that prison was an expensive failure for some offenders.

But this week Mr Major and Mr Howard defended the use of prisons by arguing that offenders were prevented from committing further crimes while detained, and that it deterred others. Such views are not only disputed by Lord Woolf, penal reformers, probation officers, social workers and some senior police officers and prison staff. They overturn the government's own arguments advanced in a green paper leading to the 1991 Criminal Justice Act, which legislated for greater use of non-custodial sentences.

The government maintained then that imprisonment reduced crime "only by restricting opportunities for a limited period". People sent to prison were also "less likely to acquire the self-discipline and self-reliance" needed to avoid reoffending in the future, while even a short period of custody was likely to confirm young offenders as criminals.

Prison is certainly not cost-effective compared with alternative penalties. The cost of an average prison sentence is 20 times greater than non-custodial alternatives. And the Association of Chief Probation Officers says official figures show that 69 per cent of men under 21 released from young offenders' institutions reoffend within two years, compared with 56 per cent who are put on probation and 58 per cent serving community penalties.

Mr Howard's critics complain that non-custodial penalties, such as service in the community, have not been tried long enough, or financed adequately, to demonstrate their full worth.

They are also alarmed that the government wants conditions in prison to be deliberately austere. Mr Howard has said Butlins, the holiday camp operator, will not be bidding for the contract to run six proposed new privately managed prisons – the critics even question the need for these extra prisons, saying the government should invest the money in improved crime prevention.

Order in prison depends on strict maintenance of discipline, but few governors would welcome instructions to bring in harsher conditions as part of what one describes as a "government public relations exercise to show that it is giving criminals what it thinks they deserve".

The view, heavily influenced by the Woolf report, that prison must offer positive options is shared by the government's private sector partners, which are taking over prison management. Mr Jim Harrower, chief executive of security company Group 4, says he believes the private sector can gradually contribute to crime reduction by breaking new ground in providing prisoners with better work, education and training opportunities. "The prison population includes some very tough, difficult characters, and they must be held in conditions that ensure they cannot disrupt things for everyone else. But I do not wish to be in the business of simply warehousing prisoners."

The Woolf report was not starry-eyed about the extent to which prison might reform offenders. But it argued that the best hope was to avoid unnecessary use of custody and make the damaging experience of imprisonment as positive as possible.

Liberal-minded concern for the offender need not be the motivation for such policies. Even though Mr Major and Mr Howard are stressing that prison takes criminals out of circulation, few people stay there for life. As a memorable passage of the Woolf report commented: "The prison service has to live with these prisoners during their time in prison. The rest of the country lives with them afterwards."

Recession has changed Japanese attitudes to work – maybe for good, says **William Dawkins**

More than the job's worth

In the past, slaves were loaded onto slave ships and carried off to the New World. But in some way, aren't our daily commuter trains packed to the brim even more inhuman? These corporate slaves of today don't even share the simplest of pleasures that forced labourers of ages past enjoyed: the right to sit down at the dinner table with their families."

Toshitsugu Yagi, a Japanese advertising executive, made this entry in his diary, with tragic prescience, shortly before his recent death from *karoshi*, or sudden death caused by overwork.

He is among the estimated 10,000 Japanese to die this way annually, the same number as are killed in traffic accidents, a phenomenon which is attracting public concern as well as a host of legal demands for compensation from employers.

Mr Yagi's diary speaks for the many salarymen whose devotion to a company in return for lifetime employment has helped transform Japan into an economic superpower but who are now questioning the postwar social contract.

The toughest recession for 20 years has forced both partners to the contract, companies and employees, to rethink attitudes to work. The process may already have been under way, pushed by the internationalisation of Japanese corporate culture, before the economy took a dive. If so, Japanese feelings about work could be undergoing a permanent change.

On the employers' side, corporate Japan has been obliged to take an axe to excessive wage costs, a legacy of the social contract uncovered by four years of falling profits.

Early retirements, job transfers to remote affiliates, enforced holidays on low pay

Glyn Genin

Misery line: Tokyo executives at the end of a day of selfless devotion to the company, a relationship which is under increasing strain

and reduced hiring, have been toughest among the biggest companies, the very groups which were once seen as guarantors of the tradition of jobs for life. They include telecommunications group NTT, which is Japan's biggest employer, Nippon Steel, the world's largest steel group, and most top electronics companies.

On the part of employees, many salarymen today feel there is more to life than honourable sacrifice in the service of a great multinational – and it is fashionable to say so.

Fewer, for instance, today introduce themselves in the traditional fashion, company name first, own name second; a pattern that indicated that the company did indeed come first in everything.

More striking still, some salarymen are starting to hit back by taking their companies to court for alleged unfair treatment. A recent example is Mr Haruo Kawaguchi, who has achieved big publicity by suing his employer, Teikoku Hormone Manufacturing, for compensation for a six-year separation from his family caused by a routine job transfer.

A sign that businessmen think Japan should throw out some of its traditional workplace values came in a recent survey of 1,600 executives, who said the top three qualities that Japanese society should pursue are creativity, fairness and symbiosis. The values commonly thought to have made Japanese companies into world beaters, such as efficiency, growth and competition came bottom of the scale, in the poll by the Social and Economic Congress of Japan, a private think-tank.

An increasing number of salarymen are turning their new aspirations into reality by taking the initiative and asking to be switched to less ambitious but more fulfilling jobs outside Tokyo headquarters.

The bursting of the 'bubble economy' and subsequent corporate streamlining have offered salarymen an opportunity to review their relationships with companies. And some of them, especially those in their 30s, have decided to switch jobs," says Kazuhiko Tanaka, editor of B-ing, a job placement magazine.

One of them is Tetsuro Handa, who two years ago left a high-flying job as section manager of Mitsubishi Corporation's copy machine export division, to work in the newly created environmental affairs department, where he vets the environmental impact of Mitsubishi capital investment plans. "I couldn't care less about promotion now. What I am doing is more important and rewarding for my life. The environment is a cause that I can devote myself to, even after I retire," he says.

But the liberated Mr Handa is in a minority. Those who have been forced to take more leisure or change job as part of a cost cutting plan, rather than make their own moves, have sometimes discovered that trying to kick workaholicism can be traumatic.

Mental illness is increasing among early retiring and semi-redundant salarymen. While this is well-known among surplus executives in the west, it is unfamiliar in Japan, and especially striking because of the Japanese taboo against admitting to psychological upsets.

Several Tokyo psychiatrists say a rising number of distressed salarymen have come to their couches in recent years. "Many patients say that ... they have been assigned to sections they did not desire, and have lost confidence," says Dr Toru Sekiya, a psychiatrist who treats about 10 people a day for mild depression, twice as many as five years ago.

Dr Sekiya recalls a patient who could not bear to tell his family that he was out of a job and left home clad in a suit every morning, to spend the day killing time in coffee shops. Eventually he tired of this and asked Dr Sekiya for a medical certificate, citing "internal problems" as an excuse to stay at home.

The public debate opened by the casualties among Japan's corporate slaves can only increase the urge among those still in work to put private aspirations first and loyalty to the company second.

This invites the question of whether Japan's corporate strength, partly built on salarymen's selflessness, might be weakened by a dilution in devotion to the company. "It could be a sign of the decline of the economy ... it could make it hard to adapt if there is a really severe recession," argues Toshio Kusamitsu, associate professor of social history at Tokyo university.

Alternatively, Japanese companies might secretly welcome confrontation with the workforce, as an excuse further to cut their bloated payrolls.

Officials at the Keidanren business federation says that companies have an estimated 800,000 to 1.2m surplus workers on their books, on top of the 1.5m registered unemployed. If the change in attitudes does help erode companies' old loyalties to their unwanted staff, corporate Japan could come out of it leaner and meaner.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Tories blame the victims

From Ms Alice Jolly.

Sir, Many thanks to Joe Rogaly ("The patter of tiny ideas", October 12). In these difficult times, we should ensure we fulfil our obligations to the least fortunate in our society. In fact, the opposite is happening. Scapegoats are required and the least fortunate, who are unable to defend themselves, are being blamed. It is sickening to see the Conservative party exploit these prejudices to boost its popularity, and to do so in the name of the "moral majority".

Let us focus on the real issues: if the British economy were successful, there would be fewer needy people and it would be easy to meet the cost of providing for them.

Alice Jolly
16 rue des Minimes,
Brussels 1000, Belgium

A splenetic portrait of events

From Mr John Harris.

Sir, As I am one of the group which Patricia Morison attacks ("Gallery headhunting", October 9) for "gossip", "venting their spleen" and "petty opposition" to the decision of the trustees of the National Portrait Gallery to reject the favoured candidate, may I suggest that her article is as splenetic as any could be.

What is outstanding about Dr Rogers is precisely his conventional curatorship with an art history that embraces social history, and to boot he is an able verbal communicator.

Of course, we all know that Ms Morison's "new" art history comprises analyses of finger expressions and the height of the wig above the eyebrow. She is on thin ice indeed if she upholds the writings of Saumarez Smith as evidence of this new approach.

When you already have in-house a potential institutional leader whose relationship to donors to the very institute she or he aspires to is of the very best, it is surely foolish of the trustees to alienate and anger those very donors.

John Harris,
16 Limerston Street,
London SW10

Proposal to split charities' role destructive

From Ms Judy Weleminsky.

Sir, Alan Pike in Monday's FT ("Charity tins may rattle to a different tune") and your leading article, "An attack on the voluntary sector" (October 13), commented on the launch of a new research study, "Voluntary Action", by the Centris group. This report proposes that charities and voluntary organisations should be split into two categories – service providers and campaigners – and that organisations must choose between them. Such a recommendation is simplistic and destructive.

Our sector is very aware of the high standards demanded by our unique position as recipients of gifts from individuals and funding from statutory funders. It would be naive to believe everything in the charitable world is rosy, but this report exaggerates the problems and fuels unnecessary fears. Charities that provide services are engaged in a lively debate about how they combine their increasing role as providers of services under contract to government or government agencies and retain their independence to campaign and lobby forcefully.

Charities can combine these roles effectively and they should not be separated. Experience in service provision informs and enriches campaigning work. Except for a very few examples, it is essential that voluntary organisations undertake both roles. They would be failing in their responsibility to their donors and supporters if they ignored the causes of the social and economic crises faced by many people in need. Government is much better informed and advised by charities through allowing the voices of those at the sharp end to be heard.

However, I have significant concerns about two trends which are particularly strong in the community care and health fields and which will risk the goodwill of charities. Statutory funders often fail to pay the full cost for services provided under contract. This is done deliberately in order to provide a "cheaper" service. Such irresponsibility leaves charity trustees with the difficult choice between subsidising services out of charitable funds or withdrawing services. The second fear is that statutory agencies, with the current pressure on resources, will cease to fund the new projects which supplement the basic statutory provision and lead to new and improved services.

The report went further and suggested that tax reliefs should be withdrawn and the Charity Commission abolished. This would be a significant disincentive to donors. The Gift Aid scheme and the use of covenants would be in peril. Withdrawal of fiscal benefits enjoyed by charities would have very serious consequences, making it more difficult to stimulate people to give in a planned and thoughtful way. Loss of supervisory support from the Charity Commission might erode the trust people rightly have in charities.

I believe that the debate on the future of voluntary actions should focus on how more people can be involved as volunteers and help to solve the problems of our society – crime and youth unemployment, environmental degradation, the challenge of helping the third world and the issues around the effective provision of care in the community.

Judy Weleminsky,
director,
National Council for Voluntary Organisations,
Regent's Wharf,
8 All Saints Street,
London N1 9RL

Too reliant on litigation

From Mrs Celia Hampton.

Sir, Your leader, "Cutting red tape" (October 11), took a refreshing view of the rule-making process. Sadly, the radical suggestion that the government should set the regulatory objectives and leave the rest to litigation goes a bit far.

Clear statement of the general principles makes legislation infinitely easier to understand. But often the implications need to be spelt out in some detail, especially where penalties or heavy damages may be the result. English courts only award compensatory damages, so large damages always mean that someone has already suffered a large loss or injury.

A lot of regulations serve the function of instruction manuals rather than general laws. The dangers they are designed to avert may not be obvious to those involved. For example, many people are unaware of the risks of using the same knife to cut raw and cooked meat: the regulations aim to stop an outbreak of food poisoning, not to penalise careless or ignorant restaurateurs.

The vice in most regulations is the way that the detail is organised. Far too often it follows the convenience of the drafter, not the reader. The unmanageable bulk of regulations is aggravated by the baroque way in which they are usually written.

The areas covered by regulation may not be capable of much reduction. You rightly point out that one person's regulation is another person's protection. What could be done is to re-organise the whole body of regulations, setting them out in a logical structure. This would show up inconsistencies and obscurities in the present texts. A drafter dedicated to logical exposition would use more coherent and accessible language.

Of course, this would cost quite a lot of public money. But the present alternative inflicts this cost, many times over, on the population at large in terms of time wasted trying to abide by the law.

Celia Hampton,
editor,
Business Law Brief (FT Newsletters),
Flat 2, 40 Anson Road,
London N7 0AB

Forte forges link with Ciga hotels chain

By Michael Skapinker, Leisure Industries Correspondent

FORTE, the UK hotels and restaurants group, said yesterday that it was to take over the management of Ciga, the Italian-based luxury hotels group controlled by the Aga Khan.

The announcement is part of a restructuring plan of the highly-indebted Italian group organised by Mediobanca, the Milanese merchant bank.

The deal would give Forte access to one of the world's most prestigious hotel brands, raising questions over how strongly it now needs to pursue its long-standing plan to take over the UK-based Savoy group.

Under the proposed Ciga restructuring, Forte will pay £33m cash and insert some of its own luxury hotels with a value of about £125m into an Italian operating company. Forte will have a majority interest in the operating company.

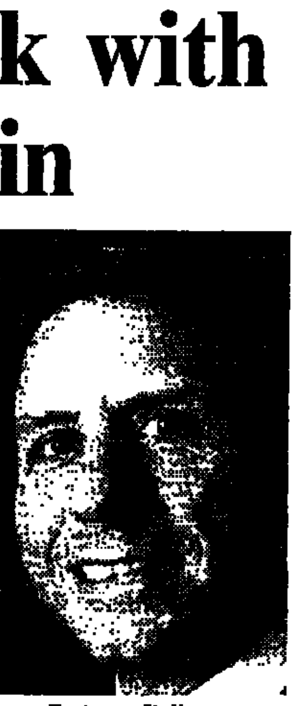
Ciga's bank debt will be transferred into a separate property holding company in which the operating company will have a 15 per cent stake.

Ciga, which operates 35 hotels in Italy, Austria, France, Greece, the Netherlands and Spain had debts of L1,011bn (£420m) at the end of June. It recorded of losses of L110.1bn in the first half of this year, up from L58.9bn.

Mr Rocco Forte, chairman of Forte, said it was too early to say which hotels his group would place in the Ciga operating company. It is thought, however, that the group's four luxury hotels in Italy would be candidates.

Mr Forte said he had approached Mediobanca last June. He said he thought the group's existing activities in Italy and his family's Italian origins helped increase Forte's attractiveness to Ciga's creditors. He said: "In some degree it's an Italian solution to the problem."

Mr Paul Slattery, an analyst at Kleinwort Benson, said that it was difficult to say what sort of return Forte could make on its investment until it had fully investigated the state of the Ciga hotels. From a marketing point of view, he described the combination of Forte and Ciga as "potentially a dream ticket". He added: "Forte will be managing the biggest array of super-luxury hotels in the world."



Rocco Forte: an Italian solution to the problem

Forte's goal of controlling the Savoy was driven by the desire for a prestigious name under which to market its own luxury hotels.

Mr Slattery said that with the Ciga deal, "for the first time, I think Forte could walk away from Savoy."

Hi-Tec chiefs unwind US options

By Peggy Hollinger

FOUR EXECUTIVES at Hi-Tec, the sports shoe and leisure wear group, are being paid £2.5m in cash and shares to unwind their original options over the company's US business.

Hi-Tec yesterday announced details of a complicated deal which it said would free the company to seek an efficient equity injection for its rapidly growing US business.

The four executives – including main board director Mr Terry Mackness who joined the US operation in 1988 – have options over 13 per cent of Hi-Tec Sports USA.

Mr Peter Butler, finance director, said that under the original agreement their stakes could not be diluted. This meant that the directors would have to be paid a proportion of any equity injection into the US business.

"We agreed with the management that they should exercise their options now," Mr Butler said. The value of their stake at the option price is $1.6m, valuing the US business at $30m (£19.8m).

However, the executives have agreed to sell back 8.5 per cent of the 13 per cent stake for $2.6m in cash and the issue of 1.4m shares in the parent company. They will receive $1.6m in cash, offsetting the cost of exercising the options.

Three of the four executives will also receive a 3 per cent stake in the quoted parent as payment, while one US director has opted for a deferred cash sum of $1m.

The executives will then be granted options over a further 6.5 per cent in the US business, exercisable in three years at a total cost of $3.6m. Mr Butler said this valued the US business at $44m.

Hi-Tec's shares closed 2p lower at 60p, for a market value of £28m.

Leeds and N&P terms still unclear

By John Gapper, Banking Editor

LEEDS Permanent Building Society said yesterday that it still had to resolve a number of "difficult issues" with National & Provincial in order to produce a business plan for a merged society by the end of this month.

The two boards are scheduled to meet in the first week of next month to approve a business plan that would allow the largest ever building society merger to take place. However, senior managers are still trying to decide terms.

Leeds said it did not believe that differences would be enough to block a merger, and that it was normal in so big a merger to encounter some obstacles. "It is not an easy task, and no one expected it just to sail through."

Some senior managers of the Leeds are thought by some of its middle managers to be unhappy at aspects of the merger, including the fact that Mr David O'Brien, chief executive of N&P, will take the same role in the merged society.

The Leeds' board is due to meet on November 2 and N&P's board on November 4 to consider the joint business plan. It would then go forward for approval to the Building Societies Commission, which supervises the industry.

N&P said that it believed the merger process was proceeding as expected, but that the merger of two large and complex organisations was bound to raise issues, and so lead to speculation about whether it faced difficulty.

The planned merger, announced in August, will eventually have to be approved by the 3.3m members of the two societies. The societies have not yet decided whether to offer their savings members a bonus in order to win approval.

The business plan is being drawn up by teams of managers of the two societies, which are analysing various aspects of the businesses. These include the mortgage lending side of their activities, and retail savings operations.

The merger is intended to create the UK's third largest society, just behind Nationwide. It would combine the £18.3bn assets of the Leeds, currently the fifth largest, with the £12bn of N&P, the eighth largest.

Dissident claims strong support as row brews up at Baldwin

A SHAREHOLDER row is brewing at Baldwin, the holidays, printing and properties group, writes David Blackwell.

Mr Martin Moir, who is thought to hold about £100,000 of the stock, has sent a letter to Mr Ong Beng Seng, the Singapore entrepreneur whose Augsburg Investments has nearly 22 per cent of Baldwin.

The letter, dated October 18, and being circulated to shareholders, urges Mr Ong Beng Seng "to intervene and restore Baldwin plc's reputation and institutional backing" or to sell his stake.

Mr Sandy Singh, Baldwin's chief executive, confirmed yesterday that he had seen the letter to shareholders, but added: "At the end of the day, the board has no control over who buys and sells shares in Baldwin."

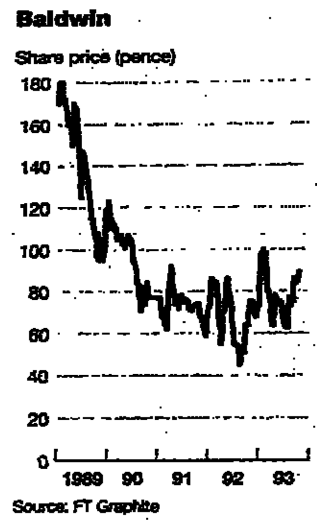
Mr Moir could not be contacted yesterday. Mr Ong Beng Seng, who runs the Kuo International trading group and owns the Halkin Hotel in London's Belgravia, is travelling in the Far East until Wednesday.

Mr Moir claims to have received a large number of letters of support from other shareholders. His main complaint appears to be the fall in value of Baldwin's shares.

"In the five years before you became de facto controlling shareholder of Baldwin plc, the share price rose from 10p to £1 or more," he writes in the letter.

"In the four or five years since you have been de facto controlling shareholder the price had fallen from over £1 to around 73p per share when I first wrote to you in August."

The shares closed yesterday at 89p, up 1p. Baldwin, which earlier this year acquired the Muswell's chain from Allied-Lyons for £2.65m, reported pre-tax losses of £2.25m for the half-year to April 30.



Source: FT Graphite

Greycoat talks at early stage

By Paul Taylor

GREYCOAT, the property company struggling to fend off receivership, said yesterday that talks regarding a possible takeover or a financial restructuring were at an early stage and no formal proposals had been received.

In a brief statement Greycoat's board said it had noted the recent price movements of both its ordinary and preference shares, together with press speculation regarding an imminent announcement of either a possible takeover or a financial restructuring.

The board acknowledged that it had received "a number of approaches from interested parties", but said it wished to emphasise that "these talks are still at a preliminary stage and no formal proposal has yet been received."

The statement added that the board intended to co-operate fully with interested parties, but that it was unlikely that those discussions would lead to definitive proposals "before the latter part of next week."

NM Rothschild, Greycoat's adviser, has confirmed that it had received at least two approaches, including one from the UK Active Value Fund which is advised by corporate financiers Mr Brian Myerson and Mr Julian Treger.

It controls 18 per cent of Greycoat's ordinary shares. Other interested parties declined to be identified.

Yesterday the UK Active Value Fund claimed to have "very substantial backing" for its approach from a number of large UK and US institutions and private families.

Greycoat's shares closed up 4p at 31p.

Ferromet cuts interim loss and plans capital reorganisation

By John Murrell

FERROMET Group, the USM-quoted metals trader, yesterday revealed a cut in losses on continuing activities for the first half of 1993 and at the same time announced a capital reorganisation.

The pre-tax loss fell from £241,000 to £81,000. Turnover of continuing activities, Portsmouth Metals and Clogau Nevada, fell from £820,000 to £558,000. Administration expenses were trimmed to £159,000 (£372,000).

Losses per share worked through at 0.04p (0.12p.

There is to be a rights issue to raise £327,129 gross and it is planned to raise a further £418,595 gross via a share subscription.

In the share restructure each existing 1p ordinary share will be converted into one ordinary 0.25p share and a 0.75p deferred share, the latter being effectively valueless.

The rights issue of 130.85m new 0.25p shares will follow the capital restructure and will be on the basis of one new 0.25p share for every two 1p shares held.

The share subscription will take the form of the issue of 167.44m new 0.25p shares to Bankhill Trustees.

Bankhill will then hold 29.9 per cent of the enlarged share capital of Ferromet. The holding will represent 15 per cent on behalf of a trust formed for the benefit of Mr Masoud Amir Alikhani and his immediate family with the 14.9 per cent balance held on behalf of seven Russian investors.

Mr Alikhani, who is currently a member of the board of the International Foundation for Privatisation and Foreign Investment in Russia, will be appointed to Ferromet's board.

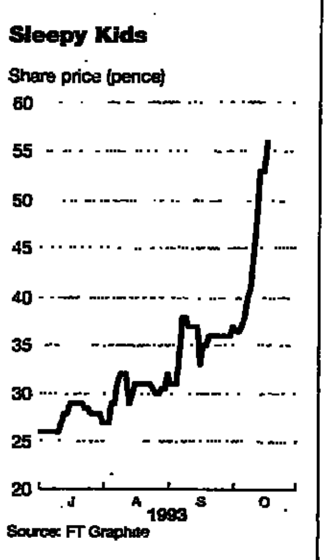
Sleepy Kids wake up to pet shop vampires

SLEEPY KIDS, the USM-traded animation and merchandising group which is behind the licensing of Budgie the Little Helicopter, the cartoon character invented by the Duchess of York, is turning its hand to a slightly darker side of children's entertainment.

Through Transylvania Pets, its 50.1 per cent-owned subsidiary, the group has sold the television rights for one series, comprising 13 half-hour episodes, of Transylvania Pet Shop to Carlton Television.

The series centres around Dr Scuzzbag, a fiendish scientist and owner of the only pet shop in Transylvania, a cobwebbed castle populated by zombies, vampires and dinosaurs. He is assisted in his endeavours by Horrifido, a skeletal hound.

Sleepy Kids' shares rose 3p to 56p yesterday, a net rise of 15p on the week; on Thursday the directors said they knew of no reason for the strength of the shares. The Stock Exchange would not comment on yesterday's announcement but said: "We will look into any share price movement that looks unusual."



Source: FT Graphite

Barclays quits card venture

BARCLAYS yesterday said that it had sold its 49 per cent stake in a joint store card venture with Hertie Waren und Kaufhaus, the German retailer, following a review of its operations in Germany.

The group said it had decided that the joint venture, which it set up three years ago to provide credit cards to customers of Hertie in eight German cities, was a distraction from its main credit card business in Germany.

The 49 per cent stake was sold for an undisclosed amount to Berliner Bank.

Berliner said it had also acquired a further 1 per cent in the Optimus Bank fuer Finanz-Service venture from Hertie, giving each 50 per cent.

Barclays said that no decision had yet been made on the future of CFS, its German store card processing arm.

Reed Exec loss narrows to £177,000

REED EXECUTIVE, the employment agency, cut interim pre-tax losses from £3.73m to £177,000.

The figure for the six months to July 4 was achieved on turnover of £43.2m, against £40.8m. The result was in line with expectations expressed in April.

The company said this had resulted in positive cash inflow of £930,000. However, that excluded the repayment of £630,000 of ACT, previously provided, which has been deferred.

Reed has made small profits every month since May but said the full-year outcome depended on the inevitable loss in December being contained so that it did not negate the profits for the previous 11 months.

Losses for the period were 0.9p (5.8p) per share.

NEWS DIGEST

Brooks Service cuts deficit

DESPITE A marginal decline in turnover, Brooks Service Group, the textile rental and retail services company, announced a narrowed interim deficit and a return to the dividend list.

The shares rose 5p to 70p.

After an exceptional credit of £75,000 (£110,000) following the sale of goodwill to an associate, the pre-tax loss for the six months to June 26 was £57,000 (£104,000). Turnover amounted to £11.5m (£11.7m).

Mr Simon Brooks, chairman, said that trading conditions were improving slowly. The outlook for the second half was "reasonably positive" he said, leading to the resumption of dividends with an interim of 0.5p. Losses per share were reduced from 0.58p to 0.31p.

Craig & Rose omits interim after loss

Craig & Rose, the paint and varnish manufacturer, lapsed into losses in the first half of 1993 and passed its interim dividend.

The pre-tax deficit of £135,000 came on turnover of £2.64m (£2.96m) and compared with profits last time of £134,000, although that figure included a one-off profit of £148,000 on realisation of investments.

Directors said the company had an "exceptionally poor" first quarter and bad debt problems remained. A return to the black in the second half was unlikely.

Losses per stock unit were 32.25p (earnings of 25.25p). An interim of 2p was paid last year.

Reduced loss at WB Industries

WB Industries, the spring manufacturer, incurred losses of £185,000 before and after tax in the first half of 1993.

The figure, which compared with losses of £657,000 last time, was struck after a reduced interest charge of £77,000 (£185,000) and an exceptional £74,000 for redundancy and severance costs.

Turnover from continuing activities – West Bromwich Spring – amounted to £1.34m. The comparable figure of £3.94m included £2.79m from Elson & Robbins, sold in October 1992.

Losses per share were cut from 10.24p to 2.88p.

Recession leaves Baris on £9,000

Baris Holdings, the USM-quoted building services company, reported profits of £9,000 for the half year to August 31, against losses of £70,000 which included exceptional costs of £358,000.

Continued recession in the construction industry had left a reduced level of work with turnover down at £8.14m (£11.3m). The company said further progress had been made in reducing operating costs in line with the lower workload.

M&W board deny bid approach

Directors of M&W, the food retailer and wholesaler, said yesterday that no bid approach had been made to the board and added that any such approach "would not be welcomed".

They issued the statement following a comment made in the press. The shares rose 6p to 149p.

Paribas seeks to raise £50m

Paribas said it was seeking to raise £50m for a property investment trust, which will be managed by Baring Securities. Wigmore Property Investment Trust will concentrate on investing in the shares of smaller property companies.

The prospectus is expected to be launched next month.

ICI disposes of plant

Imperial Chemical Industries has sold assets on Teesside to Cleveland Chemicals, a new company founded by Mr Ian Alexander and Mr Stephen Cash, former ICI employees.

The deal involves plant which is no longer used in the ICI chemical products production area at Billingham.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brooks Service ....int	0.5	Nov 26	nil	-	nil
Craig & Rose ....int	nil	-	2	-	14.5

Dividends shown pence per share net except where otherwise stated.

New issues float on wave of market confidence

The recent flotations have been welcomed in the City, but some doubts remain. Catherine Milton reports

INVESTORS rifling through documents for the second wave of flotations this year are still bathed in the warm afterglow of the first, from which almost all buyers have so far made money.

Issues which looked finely priced, if not expensive, such as Carpetright, the retail chain, and Devro International, the sausage casings maker, have performed well so far, albeit in a rising market.

Even RJB Mining, the coal company which saw its shares open at a discount is now trading at a premium. Court Cavendish, the nursing home operator, which also saw its shares slip, remains a disappointment.

There is still quality stock emerging, however, with the likes of Roxboro, the electronics components maker, and Gartmore, the fund manager.

Mr David Barclay, deputy managing director of NatWest Markets Corporate Finance, says: "I think people have rediscovered new issues as a way of apparently making rapid returns. Fortunately, the majority of issues we have seen to date have justified their values, levels of enthusiasm are running much higher than six months ago and certainly higher than a year ago."

New issues are increasingly oversubscribed with retail demand quietly approaching levels last seen in the 1980s. Today's market, which has risen substantially, is anchored, however, by low interest rates, which is one reason no one expects a repeat of 1987's stock market crash.

However, the nagging fear remains that the market is discounting a sharp recovery in earnings which may be a more distant prospect than it knows.

"A few of the recent and forthcoming flotations could be risky if the recovery falters," says one banker.

This worry is fuelled by fears that today's buoyant market is over valuing some smaller companies, particularly those in high technology sectors or dependent on a single product.

"We are seeing some things coming out that perhaps in a more cynical market you would have hesitated to float. There is no reason to expect the boom to stop tomorrow; on the other hand history will tell you that sooner or later people get carried away," says the director of a merchant bank sponsoring several of the current batch of new issues.

Other City sceptics point out that for venture capitalists seeking even a partial exit from management buy-outs the market is currently prepared to pay more for a percentage of the equity than trade buyers can afford or will stump up for outright ownership.

One banker says: "At some point that cycle will reverse. No one actually believes there's going to be a crash, or even a mini-crash, but people ought to be discriminating."

Investors should be especially wary, he adds, of those managements which know that the higher their issue is priced the bigger their own holdings will grow under so-called ratchet agreements.

"If I were an institution I would be looking quite carefully at the psychology of the management. The danger is some will squeeze every last drop of juice out of the price which means less upside for new subscribers."

Others argue that MBO floats are of the highest quality, already tested by venture capital backers themselves and proven survivors of both recession and financial stringency born of high debt.

The sheer volume of new issues means investors are likely anyway to become more selective. Another banker, arranging a placing for a recent issue, said he approached 30 institutions where he would normally contact 20, just because of the number of new issues around.

In addition, institutions are subjecting new stock to a more rigorous analysis. "In the late 1980s we would rent a room somewhere, and have 40 institutions to meet the company. This meant there was scarcely any scope for individual questions," says another banker.

He contrasts this approach with today's one-to-one interviews: "We go round to them and they have a really in-depth hour of those people really grilling our clients."

For the moment the market is comfortable with the generally sensible prices, but confidence is fragile. "What usually happens is that some idiot overprices something and it all gets left with the underwriters and then people start being more careful", he says.

SCHEDULED NEW ISSUES

	Name	Activity	Type of offer	Est market cap	Proposed closing date
1	BSM Group	Driving school	Intermediary offer/placing	£47m	21 Oct 93
2	Johnson Fry 2nd Utilities	Investment trust	tba	£40m	Oct 93
3	Canadian Pizza	Pizzas	Placing/offer	£40m	Next week
4	CLM	Lloyd's inv trust	Placing/offer	£200m	n/a
5	Finsbury Underwriting	Lloyd's inv trust	placing/int offer	£30m	n/a
6	Hozelock	Garden hose equipment	Placing/int offer	£50m	Nov 93
7	Cementone	Building materials	Placing/offer	£40m	Autumn 93
8	LS Holdings	Printer products	Placing/offer	£50m-£60m	Autumn 93
9	Roxboro	Electronic components maker	Placing/offer	£80m	Autumn 93
10	Syndicate Capital Trust	Lloyd's inv trust	Placing/offer	£38m	Nov 93
11	Wigmore Property Trust	Property	Placing/offer	-	Nov 93
12	Singer & Friedlander Tai Pan Fund	Capital growth from Far East	Launch	-	Nov 93
13	Badgerline	Bus operator	tba	£100m	Nov 93
14	Gartmore	Fund manager	Placing/offer	£250m-£300m	Nov 93
15	Towry Law	Financial adviser	Placing	£25m	Nov 93
16	Premium Trust	Lloyd's inv trust	tba	£30m	Nov 93
17	Poulter Communications	Electronic publisher	Placing	£12m	Nov 93
18	Charles Sidney	Car dealer	Placing/offer	£50m	Nov 93
19	Kleinwort 2nd Endowment Policy Trust	Endowment policy inv trust	Placing/offer	-	Dec 93
20	DFS Furniture	Furniture retailer	Placing/offer	£200m	Late 93
21	Royal Doulton	Fine china	Demerger	-	Late 93
22	Independent Insurance	Insurance	Placing/offer	£80m	Next week
23	Biotrace	Biotech	Placing	-	tba
24	Cantab	Biotech	Placing	£50m	Next week
25	Allders	Retailer	Placing/offer	£200m	Nov 93

Source: ShareLink

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	116	94	Anglian Water Wrts	115	-1	-	-	-	-
90	F.P.	-	114	95	Crockfords	114	+7	W5.2	2.3	5.7	9.0
-	F.P.	-	70¾	67	For & Col Special Inc	70		-	-	-	-
-	F.P.	-	48	42	Do Capital	42		-	-	-	-
-	F.P.	-	116	109	Do Units	112		-	-	-	-
130	F.P.	-	141	139	Hamlet	139		L5.8	2.0	5.2	12.1
-	F.P.	-	81	77	Ivory & Sime Ent. Cap.	78		-	-	-	-
-	F.P.	-	15	13	Do. Warrants	13		-	-	-	-
§120	F.P.	-	129	127	Parkdean Leisure	129	+1	W4.35	2.9	4.2	14.8
-	F.P.	-	5¾	4¾	Regent A	5		-	-	-	-
-	F.P.	-	11	9½	‡Select Industries	10		-	-	-	-
§112	F.P.	-	118	98	Shield Diagnostics	100	+2	-	-	-	-
§115	F.P.	-	123	114	VHE Holdings	115	+1	L3.5	2.6	3.8	12.7
-	F.P.	-	3¼	3	Wiggins	3¼		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	112½p	103p	Asprey 8¼pc Cn Pf	110p	+½
100	F.P.	-	116½	105	Coats Viyella 6¼pc Cv Bds 2003	116½	+½
-	F.P.	-	117	108	Ex-Lands 7½pc Cv Ln 2020	114½	
100	F.P.	-	109	98¼	Greenalls 7pc Cv Bds 2003	107	
-	F.P.	-	92½	90	Ivory & Sime Ent. Cap. Cv Ln 2000	90	
-	F.P.	-	113	104½	Natl. Power 8¼pc Cv Bds 2008	113	+½
390p	Nil	-	73½pm	49pm	Scottish & Newcastle Non-Inf ULS Ue	54pm	+5
-	F.P.	-	101¼p	100½p	Sun Alliance 7⅜pc Pf	100¾	+¼
-	F.P.	-	122⅝	107¼	Warburg 6⅜pc Cv Bds 2008	122⅝	+2⅜
-	F.P.	-	113	107	Wilson 6⅜pc Bds	113	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
140	Nil	22/10	34pm	25pm	Advest	28pm	-2
35	Nil	25/10	1pm	¾pm	Britannia	¾pm	
1	Nil	1/11	1pm	½pm	‡Flagstone	¾pm	
150	Nil	15/11	11pm	5pm	Friendly Hotels	5pm	
150	Nil	2/11	23pm	18pm	JIB	23pm	
260	Nil	2/11	77pm	48pm	MB Caradon	77pm	
160	Nil	10/11	23pm	9pm	Perry Group	8pm	
8	Nil	26/10	4pm	2pm	Phoenix Timber	2½pm	
2½	Nil	25/10	¾pm	½pm	Wiggins	¾pm	

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Oct. 11
- Last Dealings Oct. 22
- Last Declarations Jan. 13
- For settlement Jan. 24

3-month call rate indications are shown on page 11.

Calls: Alliance Res., Aminex, Automated Sec., Avesco, BTR Wts. 93-94, Brent Walker Pref., Conrad, Greenwich Res., Mowlem (J), Kewill Systems, Proteus, Phonelink, Spring Ram, Tiphook. Puts: Alliance Res., Aminex, Conrad, Greycoat.

ECONOMIC DIARY

TODAY: National savings results (Sep); Ulster Unionist Party conference; Anti-Racist Alliance March for Justice, from Embankment (London) 12 o'clock to rally at Trafalgar Square 2pm; summit of the Francophone countries in Port Louis; Portuguese president Soares begins visit to South Korea.

SUNDAY: Danish foreign minister Niels Helveg Petersen begins official visit to China; European Commission president Jacques Delors and Unesco director general Federico Mayor at Paris ceremony for International Day Against Misery.

MONDAY: Public Sector Borrowing Requirement (Sep); German producer prices; French president Mitterrand official visit to Yemen; House of Commons returns for autumn session; publication of Lady Thatcher's memoirs.

TUESDAY: CBI survey of distributive trades (Sep); US housing starts and permits; fifth anniversary of Sinn Fein media ban; Nato defence ministers meet in Germany to discuss post-Cold War security policy in Europe in preparation for January summit in Brussels; Pakistan PM inducted; final results – Smithkline Beecham.

WEDNESDAY: Retail sales (Sep); large British banking groups' monthly statement (Sep); building societies' monthly figures (Sep); provisional estimates of monetary aggregates (Sep); Italian industrial production and consumer prices; French industrial production.

THURSDAY: Balance of trade with countries outside the European Community; engineering sales and orders at current and constant prices (Aug); provisional figures for vehicle production (Sep); summit of Commonwealth heads of government in Cyprus; German Bundesbank meeting and M3 money supply; UK non-EC trade balance; US weekly jobless claims and money supply; French consumer prices; final results – Air London International.

FRIDAY: Gross domestic product (3rd quarter – preliminary estimate).

LIFFE EQUITY OPTIONS

Option		Calls Oct	Jan	Apr	Puts Oct	Jan	Apr
Allied-Lyons	550	35½	47	57½	1½	13½	18
(*582)	600	5	19	31½	22	38½	45
Argyll	280	16½	25	34	2	11½	14
(*292)	300	4	15	23½	11	22	24½
ASDA	48	7	-	-	1	-	-
(*54)	57	1	-	-	4½	-	-
Brit Airways	360	25½	37	45½	2	14	17
(*381)	390	6½	21	28½	14	28½	31
SmKl Bchm A	390	19	36	46	4½	19½	25
(*402)	420	4½	22½	32½	22	36½	40½
Boots	500	18	33	46½	3½	16½	23½
(*514)	550	1½	11½	22	36½	47½	52½
BP	300	28½	34½	39½	1	5½	8½
(*326)	330	5	16	20½	8	17½	21
British Steel	120	7	13½	18	2½	7½	10
(*124)	130	2	8½	13½	8	13½	16
Bass	460	17	31½	38	3	20½	28
(*472)	500	2	13½	20½	27	47	52½
Cable & Wire	950	34	67	81½	8½	38½	51½
(*966)	1000	9½	43	64½	37½	65	75
Courtaulds	460	29½	40	52	2	13	17½
(*483)	500	4	21	30	19	32	37½
Comm Union	580	52	-	-	1	-	-
(*627)	620	9½	-	-	11	-	-
GKN	460	17½	-	-	3½	-	-
(*472)	500	1½	-	-	28½	-	-
ICI	681	53	71½	-	1	11	-
(*729)	750	4½	28	39	28	39½	58½
Kingfisher	632	23	-	-	4½	-	-
(*649)	680	11	35½	50½	12	27	36
Land Secur	700	19	38	50½	6½	22	28
(*711)	750	1½	14½	28½	40	50½	57
Marks & S	390	18	29	37	2	11	15
(*404)	420	2½	14	21½	18	26½	30
NatWest	550	21½	39½	47	4	14½	26½
(*585)	600	1½	15	22½	38	49	55
Sainsbury	390	26	37	46½	2	11½	15½
(*412)	420	5½	20	29½	13	25½	30
Shell Trans.	650	41	56½	65	½	8	17½
(*689)	700	6	28½	33½	15	25	40
Storehouse	200	6	13½	18	4½	11½	14½
(*202)	220	1	6½	9½	20	24½	27
Trafalgar	92	9	-	-	1½	-	-
(*96)	101	2½	-	-	5	-	-
Unilever	1000	23½	52	66	7½	28½	43
(*1012)	1050	3½	27½	41	40½	57	69½
Zeneca	700	65	75	84	1½	13	26
(*750)	750	14½	43½	53½	13½	31	48½
Option		Oct	Feb	May	Oct	Feb	May
Grand Met	390	16	31½	41½	4	18½	23½
(*389)	420	3	17½	28	23½	39	41
Ladbroke	180	11	23½	26½	2	8	14½
(*190)	200	1½	13	16	12½	18½	26
Utd Biscuits	360	8	27½	32	7½	19½	30½
(*387)	390	2	14½	19	31½	38	49½
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	8	13	19	3½	8½	14½
(*164)	180	1½	5½	11½	17½	24	27½
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	420	25	45½	57	20	37½	47
(*422)	460	10½	28½	40½	46½	61½	70½

Option		Calls Nov	Feb	May	Puts Nov	Feb	May
BAT Inds	475	21½	39	-	8½	17½	-
(*484)	500	9	23½	26½	22½	30½	43
BTR	360	17	27	31	6	11½	16½
(*369)	390	4	12½	16½	23½	28½	33½
Brit Telecom	420	42½	48	53	1½	6½	9
(*456)	460	10½	19	28	12½	23	27
Cadbury Sch	463	28½	41½	44½	4½	12	21½
(*471)	493	7	19½	24	26	35	43½
Eastern Elec	550	49	59½	67½	2½	9½	13
(*594)	600	15	27½	37	17	29½	33
Guinness	390	23	36	42	7	13½	24
(*400)	420	7	21	27½	24½	29½	39½
GEC	330	20½	27½	33½	4	9½	12½
(*344)	360	4½	12	18	20½	26	28
Hanson	260	11½	16½	20	5½	10	14
(*266)	280	3	8	11	17	21½	25
Lasmo	130	14½	20½	23½	5	7½	10
(*139)	140	9	15½	19	7½	12	15½
Lucas Inds	160	13	19½	23½	5½	8½	13½
(*173)	180	4	9½	14	17½	22	26
P & O	550	63½	66½	77½	4½	12½	19½
(*591)	600	18	38	47½	21½	32	41½
Pilkington	140	9½	14	17½	5½	11½	14
(*142)	160	2½	6½	9	19	25	27
Prudential	330	31	39½	42½	2½	6	12
(*356)	360	9½	21	24½	12½	18	25½
RTZ	650	28½	49	57½	13	23½	30½
(*661)	700	8½	24½	33	45	52	58
Redland	500	38	57	63	7	16½	27½
(*528)	550	12	29	37	30½	40	54
Royal Insce	317	13½	23½	-	9½	16	-
(*318)	346	6	10½	-	29½	34	-
Scot & New	444	21½	-	-	7½	-	-
(*453)	482	4½	-	-	31	-	-
Tesco	200	12	16½	22	6	11	15
(*203)	220	3½	10½	13½	19	23½	28½
Vodafone	550	28½	46	60	18	30	38
(*556)	600	8½	23½	37	49	58½	67
Williams	300	32½	40½	44½	2½	6½	12
(*327)	330	11½	22	28	12	18½	25½
Option		Nov	Jan	Apr	Nov	Jan	Apr
BAA	850	47½	58½	75½	8	19½	27
(*882)	900	18	30	48	30½	44½	51
Thames Wtr	550	35½	42½	52	5½	12	16½
(*579)	600	7	18	25½	33	38	42½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	420	21½	30½	36	12½	22½	26
(*425)	460	5½	13	18½	38	46½	48½
Amstrad	45	7	9	11½	2½	4	5
(*49)	50	4½	6½	8½	5	6½	7½
Barclays	550	41	52½	59½	10½	20½	25
(*573)	600	13½	29½	34½	35	46½	51
Blue Circle	280	19½	29½	33	9½	16	24
(*286)	300	9½	19½	24	21½	27	35
British Gas	330	11½	21½	24½	11	15½	22½
(*336)	360	3½	9	12	33	34½	40½
Dixons	260	28	36½	43	7½	15	18½
(*277)	280	16½	25½	33	16½	24½	28½
Eurotunnel	460	41	-	-	25	-	-
(*470)	500	22½	-	-	48½	-	-
Hillsdown	140	23	24½	26½	1½	4½	8
(*159)	160	7½	12½	14½	9	11	20½

Option		Calls Dec	Mar	Jun	Puts Dec	Mar	Jun
Lonrho	120	12½	17	20	5½	10	12½
(*125)	130	7½	12	15	10½	15½	17½
Natl Power	390	25½	35½	42	7½	13½	19½
(*407)	420	10	19½	26½	23	27½	34½
Scot Power	390	19	28½	33½	9½	17	18½
(*385)	420	6	12½	19½	28½	34	36½
Sears	110	8	12½	14	3½	5½	8
(*115)	120	4	7½	8	9	11	18½
Forte	220	13½	22	24½	10½	15½	21
(*221)	240	5½	13	15½	23½	27½	33
Tarmac	135	13½	19	21½	8½	10½	14
(*140)	155	4½	10½	13	16½	22	26
Thorn EMI	900	46	61½	75½	22½	38½	45½
(*914)	950	21½	37½	54	51	66½	72½
TSB	200	24½	28	31½	3½	7½	11
(*218)	220	11	16	20½	11	16½	20
Tomkins	220	22	27	32	5	9½	12½
(*233)	240	9	16	21½	14½	19½	22
Vaal Reefs	80	15	-	-	6½	-	-
(*885)	90	10½	-	-	14½	-	-
Wellcome	750	42	66½	81½	41	57	68
(*755)	800	21	45½	58½	72	87½	98
Option		Dec	Apr		Dec	Apr	
Glaxo	650	49½	74½	-	28½	48	-
(*687)	700	25½	50½	-	54½	74½	-
HSBC 75p shs	750	40	63	-	27½	50	-
(*758)	800	19	42	-	58	79	-
Reuters	1500	94	132	-	34½	69	-
(*1542)	1550	64	103	-	57	92½	-
Option		Dec	Feb	May	Dec	Feb	May
Rolls-Royce	137	20½	23½	-	3	6	-
(*151)	156	8	14	-	12	15	-

EURO FT-SE INDEX (*3112)

	2925	2975	3025	3075	3125	3175	3225	3275
CALLS								
Oct	187	137	87	37	-	-	-	-
Nov	215	169	124	85½	52½	28	12	5½
Dec	237	192	151	112	78½	51	31	17½
Mar	268	-	191	-	128	-	77	-
Jun †	292	-	222	-	162	-	114	-
PUTS								
Oct	-	-	-	-	13	63	113	163
Nov	5	8	12	22½	39½	64½	99½	140
Dec	14	19½	27½	38	53½	76	105	141
Mar	32½	-	52	-	85	-	133	-
Jun †	48½	-	74	-	111	-	158	-

FT-SE INDEX (*3126)

	2900	2950	3000	3050	3100	3150	3200	3250
CALLS								
Oct	220	170	120	70	20	-	-	-
Nov	240	193	147	105	67	39½	19	7½
Dec	256	213	169	130	93½	63½	41½	25½
Jan	271	227	186	146	115	85	62	42½
Jun †	311	-	238	-	176	-	125	-
PUTS								
Oct	-	-	-	-	-	30	80	130
Nov	4	6½	10½	17½	30½	53	85½	131
Dec	12	18½	22	32½	47	68	97½	135
Jan	19½	25½	34½	46	63½	84	112	145
Jun †	45½	-	70½	-	106	-	155	-

October 15 Total Contracts 52,080
Calls 28,870 Puts 23,210
FT-SE Index Calls 10,609 Puts 17,172
Euro FT-SE Calls 1,632 Puts 399
*Underlying security price. † Long dated expiry mths. Equity premiums are based on closing offer prices. Index options are settlement prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	33	HSBC (75p shs)	54	Ratners	4	Brit Land	33
Allied-Lyons	45	Charter Cons.	55	Hanson	17	Reed Intl	52	Land Sec.	53
Amstrad	3½	Comm Union	46	ICI	45	Sears	7½	MEPC	37
Astec (BSR)	3½	Courtaulds	42	Ladbroke	15	SmKl Bchm A	34	■ OILS	
BAT Inds	39	Eurotunnel	40	Legal & Gen	38	TI	28	Arcon Intl.	8
BOC	49	FKI	12	Lex Service	34	TSB	15	Aviva Pet	9
BT	28	FNFC	9	Lloyds Bank	45	Tesco	17	BP	23
BTR	28	Forte	17	Lonrho	10½	Thorn EMI	75	Burmah Castrol	60
Barclays	38	GKN	40	Lucas Inds	12	Tomkins	18	Premier Cons	2½
Blue Circle	21	Gen Accident	52	Marks Spencer	27	T & N	16	Shell	46
Boots	40	GEC	25	NatWest Bank	28	Unilever	72	■ MINES	
Bowater	37	Glaxo	40	P & O Dfd	50	Vickers	12	RTZ	52
Brit Aerospace	28	Grand Met	36	Racal Elect	20	Wellcome	52		
British Steel	10	GRE	17	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Year ago	*High	*Low
Govt Secs (UK)	102.72	102.70	102.81	102.84	102.55	92.03	102.86	93.28
Fixed Interest	124.01	124.18	124.27	124.42	124.36	105.15	125.20	108.67

* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 125.20 (1/9/93) , low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1926.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Oct 14	103.1	106.0
Oct 13	108.8	103.4
Oct 12	105.4	103.4
Oct 11	124.2	104.1
Oct 8	90.8	97.3

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Metals take turns in the spotlight

TIN AND nickel shared centre-stage at the London Metal Exchange yesterday, at the end of a week that saw the exchange's base metals contracts taking turns in the spotlight.

Three month delivery tin began with a $120-a-tonne retracement following last week's rally but that had been fully recovered before the market moved ahead strongly yesterday. Dealers attributed the $70 rise to $4,812.50 a tonne to news that an output cut was being considered at Pitinga, Brazil's biggest tin mine, suggestions that the Association of Tin Producing Countries might keep its export control system going for another year and a report that the US was considering a Bolivian request for a halt to stockpile sales by its Defence Logistics Agency.

"It's a bit optimistic to hope for all this to happen, but you never know," one trader told the Reuter news agency.

The nickel market also started with the surrender of some of last week's gains, the three months position slipping more than $200 to $4,350 a tonne at one stage. As with tin, however, a subsequent recovery set the stage for a sharp advance yesterday.

Encouraged by a slackening in the pace of arrivals from the former Soviet Union and a moderate fall in LME warehouse stocks, three months nickel closed at $4,775 a tonne, up $212.50 on the week and $745 above the 6¾-year low reached a fortnight ago.

The earlier fall had reflected growing doubts that other producers would follow up on the production cutting plans announced by Inco, the biggest nickel producer, at the end of last week. The Canadian company this week gave more details of the means by which it intended to reduce its output by 16 per cent next year. These included closure of the Ontario division for eight weeks from December and shutting the Manitoba operation for four weeks from December 17, after which operations would resume on a four-day work week.

The moves follow a heavy fall in nickel prices from over $6,000 a tonne a year ago, which resulted in Inco losing US$2.2m in the second quarter of this year.

Early scenes in this week's LME action were stolen by sister metals lead and zinc.

After edging higher on Monday as operators covered short positions, the three months lead price exploded into prominence on Tuesday with a gain of $24.75, or 6.3 per cent, to $413.50 a tonne. Dealers attributed the rise to a revival in consumer interest, trade buying and covering against earlier short sales. The price peaked next day at $418 after it was confirmed that the 72,000-tonnes-a-year Belledune smelter of Canada's Brunswick Mining and Smelting, a Noranda subsidiary, was to be closed for six weeks because of a shortage of concentrate feed.

The gain was trimmed back, however, and the price ended with a net rise on the week of $20.25 at $405.25 a tonne. But that was still more than $35 up from last week's seven-year low.

Zinc's big scene came on Wednesday, when rumours that announcements of European production cuts were imminent helped to push the three months quotation up by $38.75 to $968.50 a tonne. Dealers said the rise was also fuelled by investment fund covering against what were believed to be large short positions.

With the production cut rumours remaining unconfirmed, however, the three months price subsided to $957.50 at yesterday's close, up $53 on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+17,825	to 2,238,050
Copper	+5,350	to 601,250
Lead	+2,975	to 290,225
Nickel	−132	to 118,440
Zinc	−4,325	to 813,125
Tin	+160	to 20,885

The aluminium market traded comparatively quietly until producer support buying and trade short-covering got prices rising in earnest on Thursday. The upturn was fed yesterday by reports of reduced smelter output in the ex-Soviet republic of Tajikistan, the near-trebling of energy costs at the Bratsk smelter in Siberia after Russian tariffs were raised to western levels from the beginning of this month, and plans for US officials to join talks in Moscow on the problem of huge Russian exports disrupting the market.

By the LME close the three months price had risen another $14.50 to $1,142.75 a tonne, up $27 on the week.

At the London bullion market the gold price re-established itself above $360 a troy ounce as investors formed a consensus that the recent downward "correction" was over. The market remained nervous, however, and the price eased from Thursday's peak of $368.25 to close yesterday at $364.75 an ounce, up $7.50 on the week.

The platinum price followed the same pattern, but its late fall was much sharper than gold's, with the result that its premium over the yellow metal shrank by another $2.50 to $2 an ounce – three week's ago it stood at $8.25.

The London Commodity Exchange's cocoa and cocoa markets both staged tentative rallies but finished well off the highs.

Dealers could offer no explanation for the upturn in the cocoa market, which took the March futures position to £962 a tonne at one point and left it at £944, up £31 on the week. "There is very little volume in the market and that is the key for the moment," one trader told Reuter yesterday.

The coffee market seemed unimpressed by news that Brazil was shortly to begin its purchases under the producer retention scheme and the January contract ended at $1,192 a tonne, up $14 on the week, after reaching $1,208.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Oct 15	Day's change %	Thu Oct 14	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.73	+0.17	128.51	1.83	9.46
2	5-15 years (22)	156.26	+0.29	156.05	1.57	10.90
3	Over 15 years (9)	177.43	+0.42	176.69	2.20	9.70
4	Irredeemables (6)	209.27	−0.08	209.45	4.11	8.83
5	All stocks (62)	151.84	+0.27	151.56	1.72	10.31
	Index-Linked					
6	Up to 5 years (2)	188.95	+0.17	188.64	0.22	4.28
7	Over 5 years (11)	185.95	+0.15	185.67	0.62	4.29
8	All stocks (13)	185.35	+0.15	185.07	0.57	4.27
9	Debs & Loans (66)	144.43	+0.24	144.08	2.24	8.90

AVERAGE GROSS REDEMPTION YIELDS

			Fri Oct 15	Thu Oct 14	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	6.13	6.18	7.41	7.22	29/4	6.13	15/10
2	Coupons	15 years	7.00	7.03	8.46	8.37	12/1	6.98	8 /10
3	(0%-7¾%)	20 years	7.12	7.14	8.73	8.64	20/1	7.10	12/10
4	Medium	5 years	6.38	6.42	7.83	7.58	11/1	6.38	15/10
5	Coupons	15 years	7.15	7.19	8.90	8.83	19/1	7.11	13/9
6	(8%-10¾%)	20 years	7.21	7.24	9.10	9.05	20/1	7.17	12/10
7	High	5 years	6.58	6.60	8.08	7.78	11/1	6.56	15/10
8	Coupons	15 years	7.36	7.38	9.21	9.11	20/1	7.33	12/10
9	(11%-)	20 years	7.37	7.39	9.29	9.20	20/1	7.34	12/10
10	Irredeemables(Flat Yield)		7.28	7.27	9.17	9.05	20/1	7.23	12/10
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.37	2.40	3.13	3.03	25/5	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.14	3.14	3.93	3.89	14/1	3.14	6 /10
13	Inflation rate 10%	Up to 5 yrs.	1.50	1.52	2.30	2.31	17/6	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	2.95	2.95	3.74	3.72	14/1	2.95	15/10
15	Debs &	5 years	7.75	7.89	9.53	8.97	4 /1	8.41	16/3
16	Loans	15 years	8.07	8.12	10.33	9.94	19/1	9.14	10/3
17		25 years	8.20	8.22	10.43	10.10	19/1	9.38	10/3

INTERNATIONAL COMPANIES AND FINANCE

BNP issue rationed after strong public demand

By Alice Rawsthorn in Paris

THE PRIVATISATION of Banque Nationale de Paris was yesterday hailed as a "remarkable success," by Mr Edmond Alphandéry, the French economy minister.

He confirmed that some 2.8m private investors had applied for shares and the public part of the issue was five times subscribed.

The strong public response has prompted the government to reduce the allocation of shares to institutional investors and to ration the number given to individuals from 40 to 15 each.

The institutional part of the BNP issue was so heavily oversubscribed that it was closed after only two days.

One of the main reasons for the popularity of the BNP issue was the share price which, at FFr240, was far lower than the Paris market had expected.

BNP's new shares yesterday traded in the grey, or unofficial market, at FFr277 ($48). Analysts expect them to rise to at least that level when official trading starts on Monday.

Mr Alphandéry will early next week disclose the name of the next company to be privatised. An economy ministry official said a final decision had not yet been taken, but that the second candidate would be "either Elf Aquitaine or Rhône-Poulenc".

Rhône-Poulenc, the flagship French chemicals company, was initially intended to be the second privatisation but has since come under pressure in the intensely competitive European chemicals market.

Analysts suspect that Elf, one of Europe's largest oil and gas groups, will be the next contender for sale.

Mr Alphandéry yesterday described the strong response to the BNP issue as "testimony to the French public's enthusiasm for privatisations".

The government had originally allocated 37.5m shares at FFr240 each, or 52 per cent of the issue, to the public and expected to attract 1m investors. Instead, it received applications worth FFr45.4bn for 193.5m shares.

It has increased the allocation of shares to the public to 46.9m by reducing the number given to institutional investors.

The institutions will be left with 27.7m shares (35 per cent of which are earmarked for French investors).

The allocation of shares to BNP's *noyaux durs*, or "hard core" investors, which include both Elf and Rhône-Poulenc, has also been reduced from the original 15 per cent to 10 per cent.

Lafarge Coppée to expand US interests

By Alice Rawsthorn in Paris and Frank McGurty in New York

LAFARGE Coppée, the French company which is the world's largest building materials concern, is expanding its North American interests by buying a 10 per cent stake in National Gypsum, one of the largest plasterboard manufacturers in the US. National Gypsum emerged from Chapter 11 bankruptcy protection earlier this year.

The French group, which recently staged a FFr2.5bn ($439m) capital increase on the Paris stock market, described the deal as an opportunity to diversify into the US plasterboard market.

Under the terms of the transaction, Lafarge agreed to buy nearly 4m shares in National Gypsum, or about 20 per cent of the total, and to transfer half of them to Golden Eagle Industries, a privately held investment company controlled by Mr C.D. Spangler of Charlotte, North Carolina.

Lafarge said it paid FFr200m for its 10 per cent stake.

Golden Eagle declined to comment on the terms. It said the Spangler family was "pleased" National had relocated its headquarters from Dallas to Charlotte in July, a move which coincided with the company's emergence from nearly three years of protection under Chapter 11.

On the Nasdaq over-the-counter market in New York yesterday, shares in National Gypsum traded at $26¾, down $1.

For Lafarge, the deal re-establishes a relationship which began 30 years ago, when the US group helped it with the technology to begin plasterboard making in Europe.

In 1986 the French group invested $33m in a $1.5bn leveraged buy-out of National Gypsum, and a further $47.5m in 1988 to take its stake to 50.1 per cent.

However, Lafarge kept its relationship with National Gypsum at arm's length because of the US group's heavy debt burden. It stake was held by a US trustee to limit its exposure. Under terms of National's reorganisation, Lafarge was left uncompensated for its investment.

The French group said it had "no plans in the short term" to raise its holding above 10 per cent, but that it would keep "an open mind".

Lafarge, a leading player in the US cement and concrete markets, has a strong presence in plasterboard in Europe.

Kvaerner ahead in eight months

By Karen Fossli in Oslo

KVAERNER, the diversified Norwegian group with main interests in engineering, shipping and shipbuilding, yesterday reported a 3.7 per cent increase in eight-month pre-tax profits to NKr720m ($101m).

It said profits for 1993 would match the level of profits in recent years. In 1992 the group posted a pre-tax profit of NKr932m and net profit of NKr729m.

The eight-month result was helped by a 32.8 per cent increase in revenue to NKr15.9bn. Kvaerner said revenue included a NKr34m gain on ship sales but that the rise mainly reflected the acquisition last October of the Warnow shipyard in Germany.

Operating profits were 29.5 per cent higher at NKr725m, but at the net level profits were slightly lower at NKr520m, against NKr532. Kvaerner was restricted by operating losses within the shipping division and by an unrealised exchange rate loss of NKr180m charged against accounts, related mainly to ship financing.

Realised foreign currency gains dipped in the eight months to NKr129m from NKr138m. Group new orders totalled NKr18.4bn at the end of August, representing a 56 per cent increase over the comparative period.

Among the group divisions, shipbuilding saw operating profit rise by NKr103m to NKr697m on sales up by NKr924m to NKr5.06bn. Oil and gas boosted operating profit by NKr124m to NKr366m as sales rose by NKr1.5bn to NKr4.9bn.

Mechanical engineering operating losses were cut NKr40m to NKr122m. Shipping made an operating loss of NKr164m against a profit of NKr45m.

Reshaped Norske Skog stages sharp recovery

By Karen Fossli

NORWAY'S Norske Skog, one of Scandinavia's biggest pulp and paper producers, returned to the black in the first eight months of this year.

It made pre-tax profits of NKr9m ($1.27m), against a pre-tax loss of NKr304m last year. Net losses in the eight-month period fell sharply to NKr20m from NKr253m in last year's comparative period.

The improvement reflected better results in the business paper sector and from affiliated companies, reduced costs and positive net financial items. Last year there was a NKr76m restructuring charge.

The group forecast an improvement for the full year, pointing to a cost-cutting programme, lower interest rates and realised profits on the bond portfolio. It recorded a pre-tax loss of NKr659m in 1992.

Group sales in the eight-month period fell by NKr386m to NKr4.893bn.

Norske Skog said prices for pulp were at an all-time low due to over-capacity in global markets while devaluations of the Swedish and Finnish currencies had made it difficult to push up prices.

Gross operating profit dipped by NKr7m to NKr494m. Losses at associated companies narrowed to NKr91m from NKr135m.

Volvo thwarts voting changes

By Hugh Carnegy

VOLVO last night blocked an attempt by Sweden's shareholders association to thwart the proposed merger of its car and truck operations with France's Renault. It rejected demands for a change in the group's articles of association.

Aktiespararna, representing thousands of small shareholders, wants a vote on the issue at the November 9 shareholders meeting called to approve the Renault agreement.

A change in Volvo's articles requires a two-thirds majority, while the merger only needs a simple majority to go through.

Volvo said its board had ruled the merger was in line with the existing articles and it would not propose any change.

Sculley quits as Apple chairman

By Louise Kehoe in San Francisco

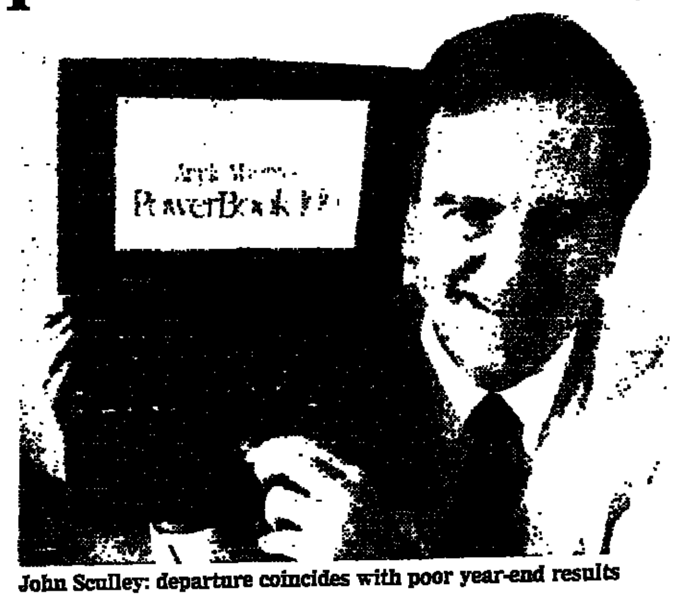
MR John Sculley has resigned as chairman of Apple Computer, ending months of speculation about his departure since he gave up his post as chief executive in June. One of the best known executives in the computer industry, Mr Sculley has been with Apple for 10 years.

"Mr Sculley proffered his resignation at a board meeting that took place on Wednesday and Thursday," an Apple official said. "The board accepted." He declined to elaborate.

Mr Sculley's resignation coincided with Apple's year-end financial results. The company reported a 97 per cent drop in earnings for its fourth fiscal quarter despite record sales of $2.1bn, blaming the earnings decline on severe price competition.

In July, Apple reported its worst ever quarterly losses, of $188m, including an after-tax restructuring charge of $199m. The company has since laid off about 2,500 employees.

Mr Sculley has been succeeded as chairman of the board by Mr Mike Markkula, one of Apple's original investors and its first chairman, from 1977 to 1981. Since then Mr Markkula has been a non-executive vice-chairman. Mr Joseph A. Graziano, Apple's chief financial officer, also joined the board.



John Sculley: departure coincides with poor year-end results

Rumours that Mr Sculley would soon leave Apple had been circulating throughout the computer industry for several months, as the company's performance deteriorated and his pet project the "Newton" personal digital assistant appeared to be in trouble.

He has been widely criticised for paying too little attention to Apple's core PC business, while focusing on the nascent market for hand-held computer devices. Since the launch of the Newton "MessagePad" in August, Apple claims to have shipped 50,000 units. However, the product has received damning reviews.

In June, Mr Sculley announced he was stepping aside as chief executive, stressing that the move was at his own initiative. A very different account of events has, however, emerged in a wrongful dismissal lawsuit filed against Apple by Mr Al Eisenstat, former executive vice-president and one of Mr Sculley's closest associates at Apple.

In his suit, Mr Eisenstat describes a board-room coup, in which Mr Sculley was, he claims, ousted. Apple says the suit is without merit and has disputed Mr Eisenstat's recollections as "false".

Mr Sculley, who has been on sabbatical for most of the summer, has declined to comment. Neither did he announce his future plans.

Mr Sculley has been mentioned as a potential candidate for top jobs at several US companies, including Eastman Kodak, which is searching for a new chairman and chief executive. In June, however, Mr Sculley expressed interest in starting his own high-tech company. "That is a dream that I have for the future," he said in an interview.

Foreign banks reject Ferruzzi proposals

By Robert Graham in Rome

SOLUTION of the Ferruzzi-Montedison group's problems has been seriously delayed by the refusal of foreign bank creditors to accept a restructuring plan.

The foreign banks' position contrasts starkly with the 21 large Italian banks, which account for 70 per cent of the group's total L25,000bn ($16bn) bank debt, and which have already endorsed the restructuring plan.

The plan centres on four elements – a debt moratorium for 1993 costing the banks L1,600bn, subsequent consolidation of the debt costing L1,600bn, capital increases totalling L5,400bn and asset sales of L5,500bn.

"We are prepared to co-operate but the present proposals are unacceptable," said a representative of one of the 110 foreign bank creditors. "We are setting up a working group to make our own proposals, and we want an independent accountant's assessment."

Foreign bankers suggested yesterday this process could take them well into November. The next deadlines are November 30 and December 1 respectively for the special meetings to approve Ferfin and Montedison capital increases.

The foreign banks' letter makes 11 points of primary concern on the restructuring plan drawn up by Mediobanca, the Milan merchant bank. The first and fundamental point is that "an international restructuring should satisfy the interests of creditors first, and shareholders only thereafter".

Another important bone of contention is the need for independent assessment of financial information provided by accountants Deloitte & Touche, plus adequate information about their current investigations.

This is a reference to the possibility of holes still being found in operations of subsidiaries, which are also being investigated by Ravenna and Milan magistrates.

"The creditors also require direct access to the group's auditors."

The letter also makes clear the demand for "substantially" more assets to be sold "in view of the inability of the group to meet its financial obligations". The banks want far more guarantees of "arm's-length" sales.

On the question of a debt moratorium for 1993, the banks say the proposal "violates creditors' rights, is inconsistent with acceptable restructuring principles and is completely unfeasible".

It appears that for the first half accounts, the Ferruzzi-Montedison administrators have written in the effects of only one month's debt service being withheld from the major Italian banks.

Alcazar agreement hinges on US partner

By Hugh Carnegy in Stockholm

THE FOUR European airlines aiming to combine forces in the Alcazar project have resolved in principle all key issues, except the selection of a US partner, Scandinavian Airlines System (SAS) said yesterday. However, resolving the US partner question is vital to a successful outcome of the Alcazar negotiations which SAS, KLM Royal Dutch Airlines, Swissair and Austrian Airlines are hoping to complete by the end of this month.

"This has to be resolved in order to fit the whole puzzle together," said Mr Peter Forssman, head of corporate relations at SAS.

He said the three issues of the location of the Alcazar headquarters and other major functions, the line-up of senior executives in the new management company and how to value the four airlines' respective shares in the alliance were in principle solved.

But negotiations this week had not resolved which US partner Alcazar would choose from Delta, which has links with Swissair, Northwest, tied to KLM, or SAS's partner Continental.

It is clear the issue is more complex than an argument over which US airline would offer the best commercial partnership. The choice will form part of a delicate division of spoils in Alcazar between the four airlines which each have sensitive political constituencies to satisfy.

For example, the open-skies agreement between the US and the Netherlands, and Dutch membership of the EC are strong arguments in favour of choosing Northwest and siting the Alcazar headquarters in Amsterdam. But this would most likely be unacceptable to the other partners.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$354.75	+9.55	$342.45	$405.75	$326.05
Silver Per troy oz	285.50	-1.00	219.90p	362.50p	236.00p
Aluminium 99.7% (cash)	$1123.5	+28.0	$1164.5	$1240.00	$1092.00
Copper Grade A (cash)	$1681	+7.0	£1351.5	$2375.00	$1106.50
Lead(cash)	$391.75	+20.75	£325.5	$460.00	$361.50
Nickel (cash)	$4720.0	+207.5	$6180	$6340	$4043.5
Zinc SHG (cash)	$942.0	+52.5	$1140.5	$1112	$866.0
Tin (cash)	$4767.5	+87.5	$5955	$6047.5	$4340.0
Cocoa Futures (Mar)	£944	+29	£680	£969	£663
Coffee Futures (Jan)	$1190	+13	$856	$1297	$836
Sugar (LDP Raw)	$265.2	-1.3	$230.0	$317.4	$204.5
Barley Futures (Jan)	£103.55	-0.25	£126.10	£110.30	£101.50
Wheat Futures (Jan)	£101.25	-0.10	£126.60	£149.45	£100.75
Cotton Outlook A Index	54.65c	-0.55	52.70c	62.35c	54.60c
Wool (64s Super)	323p	-	403p	403p	319p
Oil (Brent Blend)	$17.07x		$20.80	$19.53	$15.685

Per tonne unless otherwise stated. p-pence/kg, c-cents lb, x-Dec.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$14.98-5.02u	-0.155
Brent Blend (dated)	$16.66-6.68	-0.075
Brent Blend (Dec)	$17.06-7.08	-0.13
W.T.I (1 pm est)	$18.47-8.50u	-0.135
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$193-195	
Gas Oil	$178-179	-0.5
Heavy Fuel Oil	$61-63	-0.5
Naphtha	$159-161	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$364.75	-0.25
Silver (per troy oz)♣	433.50c	-7.00
Platinum (per troy oz)	$368.75	-4.75
Palladium (per troy oz)	$132.75	-1.25
Copper (US Producer)	85.5c	-0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	12.00m	+0.10
Tin (New York)	217.5c	-0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	116.37p	-0.03*
Sheep (live weight)†♠	80.45p	+0.68*
Pigs (live weight)†	60.68p	+0.33*
London daily sugar (raw)	$265.2	-1.7
London daily sugar (white)	$291.0	+0.5
Tate and Lyle export price	£286.5	-3.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120	
Wheat (US Dark Northern)	£166.5	
Rubber (Nov)♥	59.50p	+0.25
Rubber (Dec)♥	59.75p	+0.25
Rubber (KL RSS No 1 Jul)	205.0m	+2.0
Coconut oil (Philippines)§	$422.5v	
Palm Oil (Malaysian)§	$337.5u	
Copra (Philippines)§	$270.0	
Soyabeans (US)	£184.5	+2.0
Cotton "A" index	54.65c	-0.05
Wooltops (64s Super)	323p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Jan/Feb u-Dec t-Sep/Oct x-Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low	
Dec	17.11	17.16	17.19	17.08
Jan	17.29	17.35	17.35	17.26
Feb	17.45	17.47	17.47	17.40
Mar	17.54	17.54	17.54	17.47
Apr	17.59	17.61	17.60	17.53
IPE Index	17.01	17.23		

Turnover 15982 (47347)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Nov	171.75	172.50	172.50	171.50
Dec	172.00	172.75	172.75	172.00
Jan	171.50	172.25	172.00	171.25
Feb	170.75	171.25	171.00	170.25
Mar	169.50	170.00	169.50	
Apr	167.75	168.50	168.00	166.75
Jun	165.00	166.00	165.25	164.75

Turnover 10698 (11621) lots of 100 tonnes

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low	
Dec	282.30	280.50	282.50	279.60
Mar	281.80	280.70	282.00	279.50
May	283.60	282.60	285.00	282.20
Aug	288.10	288.40	288.10	
Oct	281.40		281.40	

Turnover 13417 (1632) Paris- White (FFr per tonne): Dec 1622.01 Mar 1623.34

SPICES
The pimento market was firm on increased buying interest from central europe, reports Man Producten. Spot supplies in Europe were very limited. Mexican supplies were offered at US$1,850 a tonne, cif, while Jamaicans were unchanged at $2,300 for spot and $2,100 for shipment. Madagascan cloves were at a premium with $925 a tonne charged for cif supplies and $1,000 for spot. Indonesian cassia prices were unchanged with VA/KA sticks at $2,400 spot, and $2,300 afloat. Seychelles spot supplies were not available with new arrivals awaited from local suppliers.

No.7 RAW SUGAR - LCE (cents/lbs)

	Close	Previous	High/Low	
Mar	10.85	10.75	10.85	10.68
May	11.04			
Jul	11.35	11.25	11.20	11.17
Oct	11.21	11.08		

Turnover 3020 (80) lots of 50 tonnes.

COCOA – LCE £/tonne

	Close	Previous	High/Low	
Dec	914	905	923	892
Mar	944	935	952	924
May	949	944	960	912
Jul	952	947	957	938
Sep	956	953	961	940
Dec	944	939	945	929
Mar	942	940	955	930
May	944	943	945	936
Sep	954	948	954	935

Turnover: 7522 (8670) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 14 897.12 (908.23) 10 day average for Oct 15 913.14 (913.17)

COFFEE – LCE $/tonne

	Close	Previous	High/Low	
Nov	1174	1176	1181	1166
Jan	1192	1192	1200	1185
Mar	1174	1177	1183	1172
May	1171	1176	1175	
Jul	1169	1169	1170	
Sep	1165	1179	1178	1174

Turnover: 940 (1721) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 13 Comp. daily 67.52 (66.62) 15 day average 67.80 (68.17)

POTATOES – LCE £/tonne

	Close	Previous	High/Low	
Apr	90.8	92.3	92.0	89.6

Turnover 192 (158) lots of 20 tonnes.

FREIGHT – LCE $10/index point

	Close	Previous	High/Low	
Oct	1365	1397	1390	1365
Nov	1395	1424	1415	1395
Dec	1391	1416	1410	1391
Jan	1394	1419	1410	1390
Apr	1395	1426	1412	1395
Jul	1213	1240	1225	1213
Jan	1415		1430	
BFI	1381	1387		

Turnover 303 (108)

GRAINS – LCE £/tonne

Wheat	Close	Previous	High/Low	
Nov	99.70	99.60	99.70	99.40
Jan	101.25	101.00	101.25	100.75
Mar	103.10	103.00	103.10	
May	105.10	104.90	105.10	
Barley	**Close**	**Previous**	**High/Low**	
Nov	101.65	101.95	101.70	101.60
Jan	103.50	103.95	103.70	103.50

Turnover: Wheat 124 (510) Barley 57 (46)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 45,854 lots
Cash	1123-4	1108.5-9.0	1114	1113-3.5		
3 months	1142.5-3.0	1128-8.5	1144/1129	1132.5-3.0	1139-9.5	243,261
Copper, Grade A ($ per tonne)						Total daily turnover 34,281 lots
Cash	1680.5-1.5	1679-80		1674.5-5.5		
3 months	1704-5	1702-2.5	1707/1685	1698-8.5	1697-8	175,223
Lead ($ per tonne)						Total daily turnover 3,362 lots
Cash	391.5-2.0	396-8		391.5-2.0		
3 months	405-5.5	410-11	408/403	405.5-6.0	407-8	23,528
Nickel ($ per tonne)						Total daily turnover 9,036 lots
Cash	4715-25	4545-55	4655	4655-6		
3 months	4770-80	4600-5	4770/4615	4705-10	4740-50	48,235
Tin ($ per tonne)						Total daily turnover 1,892 lots
Cash	4765-70	4690-700		4745-55		
3 months	4810-15	4740-5	4850/4765	4790-800	4800-10	11,835
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,840 lots
Cash	941.5-2.5	949.5-50.5		943-4		
3 months	957-8	965-6	961/940	958.5-9.0	954-5	89,736

LME Closing £/$ rate: SPOT: 1.5124 3 months: 1.5035 6 months: 1.4982 9 months: 1.4913

LME AM Official £/$ spot rate 1.5116

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	364.50-365.00	
Opening	364.60-366.00	
Morning fix	365.35	241.714
Afternoon fix	364.60	241.136
Day's high	366.00-366.40	
Day's low	364.25-364.55	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.76	6 months	2.69
2 months	2.72	12 months	2.69
3 months	2.70		

Silver fix	p/troy oz	US cts equiv
Spot	286.35	433.25
3 months	290.20	436.35
6 months	294.05	439.95
12 months	301.70	447.55

GOLD COINS

	$ price	£ equivalent
Krugerrand	365.00-368.00	242.00-245.00
Maple leaf	375.20-377.60	-
New Sovereign	85.00-88.00	56.00-59.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Feb	Nov	Feb
1100	40	65	7	13
1125	24	48	16	21
1150	12	34	29	32
Copper (Grade A)	**Calls**		**Puts**	
1650	60	84	19	33
1700	32	66	41	54
1750	15	44	73	81
Coffee LCE	**Nov**	**Jan**	**Nov**	**Jan**
1100	78	121	4	29
1150	40	90	16	48
1200	16	64	42	72
Cocoa LCE	**Dec**	**Mar**	**Dec**	**Mar**
825	85	139	6	20
850	75	121	11	27
875	57	103	18	34
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1650	72	-	-	13
1700	28	40	3	31
1750	3	17	-	58

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	364.9	365.3	365.2	365.2
Nov	365.3	365.7	0	0
Dec	366.2	366.6	367.2	365.0
Feb	368.0	368.4	368.5	367.2
Apr	369.6	370.2	370.0	369.0
Jun	371.5	371.9	371.8	371.0
Aug	373.3	373.7	0	0
Oct	375.1	375.5	0	0
Dec	376.9	377.3	377.2	377.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	366.9	368.5	368.0	367.0
Nov	363.0	363.0	0	0
Jan	369.4	371.0	371.0	367.6
Apr	371.2	372.8	372.0	369.5
Jul	372.2	373.8	372.5	372.2
Oct	373.7	375.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	433.7	433.0	431.0	431.0
Nov	435.3	434.6	0	0
Dec	435.5	434.8	437.5	431.5
Jan	436.7	436.0	0	0
Mar	439.7	439.1	441.5	436.0
May	442.6	442.0	444.5	440.0
Jul	445.5	444.9	446.0	443.5
Sep	448.3	447.7	0	0
Dec	452.7	452.1	454.0	450.0
Jan	453.9	453.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	74.75	74.75	75.00	74.70
Nov	74.95	75.05	75.10	74.70
Dec	75.30	75.40	76.70	74.75
Jan	75.55	75.65	0	0
Feb	75.80	75.90	0	0
Mar	76.15	76.20	77.45	75.60
Apr	76.40	76.45	0	0
May	76.70	76.75	77.10	76.40
Jun	76.95	77.00	0	0
Jul	77.25	77.30	77.90	77.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	18.30	18.50	18.53	18.28
Dec	18.40	18.60	18.64	18.40
Jan	18.51	18.71	18.73	18.51
Feb	18.64	18.79	18.80	18.61
Mar	18.70	18.87	18.87	18.70
Apr	18.85	18.95	18.94	18.85
May	18.93	19.03	19.00	18.93
Jun	19.05	19.10	19.10	19.04
Jul	19.05	19.15	19.13	19.13
Aug	19.20	19.20	19.20	19.20

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	54.60	55.52	55.60	54.60
Dec	55.55	56.32	56.50	55.50
Jan	56.05	56.77	56.65	56.05
Feb	56.10	56.72	56.70	56.20
Mar	55.25	55.77	55.65	55.25
Apr	54.30	54.57	54.60	54.30
May	53.35	53.52	53.55	53.35
Jun	52.70	52.97	53.10	52.70
Jul	53.30	53.09	53.30	53.25
Aug	54.00	53.84	54.00	53.90

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1133	1120	1150	1127
Mar	1170	1159	1185	1165
May	1188	1176	1200	1186
Jul	1207	1196	1207	1205
Sep	1223	1212	1230	1223
Dec	1237	1226	0	0
Mar	1249	1237	1243	1237
May	1263	1251	1251	1251
Jul	1277	1265	0	0
Sep	1296	1284	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.10	74.70	75.15	73.60
Mar	77.65	77.20	77.75	76.60
May	79.00	78.70	79.00	78.20
Jul	80.40	80.00	80.30	80.30
Sep	81.65	81.25	0	0
Dec	83.75	83.55	0	0
Mar	86.00	86.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.63	10.54	10.64	10.47
May	10.80	10.69	10.81	10.62
Jul	10.88	10.75	10.88	10.70
Oct	10.89	10.75	10.80	10.68

COTTON 50,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	58.06	57.87	58.40	57.75
Mar	59.55	59.37	59.90	59.35
May	60.35	60.10	60.55	60.20
Jul	60.90	60.75	61.18	60.85
Oct	61.27	61.27	0	0
Dec	61.15	61.07	61.36	61.15
Mar	62.03	61.95	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	116.10	117.60	118.30	116.00
Jan	118.55	120.95	121.25	118.20
Mar	120.80	122.70	123.50	120.00
May	122.45	123.70	124.50	122.00
Jul	123.75	124.70	124.50	123.50
Sep	124.25	125.00	0	0
Nov	122.45	123.25	0	0
Jan	122.45	123.25	0	0
Mar	122.45	123.25	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Oct 15	Oct 14	mnth ago	yr ago
1580.6	1576.5	1585.9	1613.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Oct 14	Oct 13	mnth ago	yr ago
Spot	116.66	118.87	121.88	114.12
Futures	127.88	128.14	125.68	114.96

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	614/4	615/4	617/4	613/6
Jan	620/4	622/0	623/4	620/0
Mar	627/4	628/4	629/6	626/2
May	630/4	632/4	633/2	630/0
Jul	634/2	636/0	637/0	633/4
Aug	634/2	636/0	635/4	633/4
Sep	623/4	624/4	626/0	623/4
Nov	616/0	617/0	618/0	615/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	22.32	22.46	22.42	22.30
Dec	22.52	22.61	22.65	22.48
Jan	22.61	22.71	22.75	22.60
Mar	22.80	22.92	22.96	22.79
May	22.88	23.02	23.05	22.86
Jul	22.93	23.06	23.08	22.92
Aug	22.80	22.95	23.05	22.80
Sep	22.70	22.82	22.95	22.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	194.2	193.2	194.3	192.5
Dec	192.2	192.0	192.9	191.8
Jan	192.1	192.0	193.0	191.9
Mar	192.8	193.1	193.8	192.6
May	194.0	194.3	194.7	193.6
Jul	195.7	195.9	196.4	194.9
Aug	195.8	195.8	196.5	194.9
Sep	194.6	195.3	196.0	194.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	248/6	249/0	249/2	247/0
Mar	256/6	257/0	257/2	255/2
May	261/2	261/4	261/4	259/4
Jul	263/2	263/6	263/6	262/0
Sep	256/6	257/0	257/2	255/2
Dec	249/4	251/0	251/0	249/6
Mar	256/0	257/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	324/6	324/2	325/0	320/0
Mar	325/6	326/0	325/6	321/6
May	319/4	319/0	319/6	316/0
Jul	309/6	308/2	310/0	306/6
Sep	312/4	313/0	312/4	312/0
Dec	324/0	324/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.600	72.075	72.725	72.100
Dec	74.700	74.075	74.800	74.075
Feb	75.200	74.700	75.250	74.650
Apr	76.150	75.600	76.175	75.725
Jun	73.000	72.750	73.150	72.725
Aug	71.525	71.225	71.750	71.250
Oct	71.925	71.750	72.100	71.700

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	48.400	48.975	48.800	48.275
Dec	49.550	50.025	49.990	49.500
Feb	49.750	49.975	49.975	49.650
Apr	47.775	47.800	47.860	47.650
Jun	52.075	52.050	52.150	51.850
Jul	50.875	51.000	51.050	50.850
Aug	49.350	49.425	49.450	49.250
Oct	45.575	45.825	45.700	45.250

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	56.750	57.725	57.700	56.650
Mar	56.850	57.600	57.425	56.475
May	57.075	57.500	57.500	57.000
Jul	57.900	58.900	58.100	57.400
Aug	56.550	56.575	56.650	56.300

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Francs under renewed attack

THE French and Belgian currencies fell sharply on the foreign exchanges yesterday as dealers became increasingly convinced that the two countries' strong franc policies were dead, *writes Peter John*.

Attempts by the French authorities to convince investors that the French franc would be held firmly in line with the D-Mark were beginning to look stale as dealers remembered propaganda campaigns that have preceded previous attacks on the currency.

Mr Jean Claude Trichet, the governor of the Bank of France, stressed the importance of monetary convergence in a speech at a financial conference yesterday.

But cracks were beginning to show towards the end of the week, particularly after Mr Edmond Alphandéry, the French economy minister, said a weaker franc had helped the economy over the past year. This was followed by reports that Mr Edouard Balladur, the French prime minister, said he was not unduly worried about the currency.

Many dealers believe the French authorities must cut key short-term lending rates to avoid seeing the economy spiral into a vicious circle of high interest rates and high unemployment at the same time as having a weak currency.

Yesterday the franc hit a new low of FFr3.5480 against the D-Mark. It recovered to FFr3.5410, down more than a centime on the day on the previous close of FFr3.53. Dealers expected sellers to return when financial markets reopen on Monday.

The Belgian franc also hit new lows in spite of continuing intervention from the Belgian National Bank. It replaced the Danish krone at the bottom of the European Monetary System ladder. Belgian short-term rates of 10 per cent are considered unsustainable against headline inflation of only 2.8 per cent and many investors are sceptical about the short-term benefits of the social pact on wages and jobs, details of which are expected next week.

The Belgian stock market, on the other hand, hit a new high buoyed by US investors switching from peak-level US stock and bond markets.

Early strength for the US dollar was undermined as the most recent economic data failed to give much heart. The August US trade deficit of $9.71bn was lower than expected but reports covering production, inventories and consumer sentiment failed to inspire. The dollar closed steady against the D-Mark at DM1.6145 and against the pound at $1.5125.

Sterling was sidelined after disappointment over recent industrial production figures and ended flat against the D-Mark at DM2.4425.

£ IN NEW YORK

Oct 15	Latest	Previous Close
£ Spot	1.5120-1.5130	1.5140 1.5150
1 month	0.36-0.35pm	0.36 0.35pm
3 months	0.92-0.90pm	0.92 0.91pm
12 months	2.95-2.88pm	2.98 2.94pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Oct 15	Previous
8.30	am	80.5	80.4
9.00	am	80.5	80.3
10.00	am	80.4	80.6
11.00	am	80.4	80.6
Noon		80.4	80.7
1.00	pm	80.4	80.7
2.00	pm	80.3	80.6
3.00	pm	80.3	80.6
4.00	pm	80.3	80.4

CURRENCY RATES

Oct 15	Bank ♣ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.926893	0.777073
U.S Dollar	3.00	1.41954	1.17315
Canadian $	4.67	1.88302	1.55477
Austrian Sch	5.75	15.9612	13.3422
Belgian Franc	8.50	49.8217	41.7992
Danish Krone	7.75	9.25827	7.71116
D-Mark	8.25	2.27041	1.89651
Dutch Guilder	5.50	2.56710	2.13313
French Franc	-	8.07647	6.72331
Italian Lira	8.5	2258.25	1889.55
Japanese Yen	1.75	150.755	125.468
Norway Krone	-	9.99001	8.34284
Spanish Peseta	-	185.392	153.471
Swedish Krona	11.50	11.2200	9.29719
Swiss Franc	4.50	1.99403	1.67408
Greek Drach	19	N/A	277.226
Irish Punt	-	N/A	0.808175

♣ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Oct 14

CURRENCY MOVEMENTS

Oct 15	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.3	-29.30
U.S Dollar	65.1	-12.10
Canadian Dollar	90.5	-11.38
Austrian Schilling	115.9	+17.60
Belgian Franc	109.8	-3.38
Danish Krone	113.4	+8.20
D-Mark	127.3	+34.92
Swiss Franc	115.6	+24.89
Dutch Guilder	121.5	+23.78
French Franc	106.8	-8.81
Lira	78.1	-38.30
Yen	179.3	+120.05
Peseta	88.6	-32.43

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Oct 14

OTHER CURRENCIES

Oct 15	£	$
Argentina	1.5080 - 1.5090	0.9980 - 0.9990
Australia	2.2810 - 2.2825	1.5090 - 1.5100
Brazil	225.500 - 225.610	149.265 - 149.290
Finland	8.6215 - 8.6515	5.7040 - 5.7240
Greece	358.100 - 358.570	235.800 - 236.000
Hong Kong	11.6765 - 11.6775	7.7250 - 7.7260
Iran	2392.70 - 2395.75	1583.00 - 1585.00
Korea(Sth)	1224.15 - 1224.30	809.90 - 810.00
Kuwait	0.45120 - 0.45270	0.29850 - 0.29860
Luxembourg	53.65 - 53.75	35.45 - 35.55
Malaysia	3.8435 - 3.8455	2.5430 - 2.5440
Mexico	4.7025 - 4.7055	3.1110 - 3.1130
N.Zealand	2.7450 - 2.7480	1.8160 - 1.8185
Saudi Ar	5.6685 - 5.6695	3.7505 - 3.7515
Singapore	2.3700 - 2.3715	1.5680 - 1.5690
S.Af (Cm)	5.0490 - 5.0515	3.3405 - 3.3420
S.Af (Fn)	6.2425 - 6.2575	4.1300 - 4.1400
Taiwan	40.50 - 40.65	26.80 - 26.90
U.A.E.	5.5510 - 5.5520	3.6725 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.13313	-2.89	7.05	-
D-Mark	1.94964	1.89651	-2.73	8.88	-
Spanish Peseta	154.250	153.471	-0.51	4.47	4
Irish Punt	0.808628	0.808175	-0.06	4.00	0
Portuguese Escudo	192.854	196.573	1.93	1.98	-13
French Franc	6.53883	6.72331	2.82	1.09	-24
Danish Krone	7.43679	7.71110	3.69	0.25	-25
Belgian Franc	40.2123	41.7992	3.95	0.00	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. ‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5080 - 1.5170	1.5120 - 1.5130	0.36-0.34cpm	2.78	0.94-0.91pm	2.45
Canada	1.9985 - 2.0140	2.0130 - 2.0140	0.24-0.17cpm	1.22	0.62-0.48pm	1.09
Netherlands	2.7400 - 2.7600	2.7425 - 2.7525	⅛-¼cdis	-0.82	⅜-⅝dis	-0.73
Belgium	53.80 - 54.00	53.65 - 53.75	18-23cdis	-4.59	52-63dis	-4.28
Denmark	9.9125 - 9.9700	9.9275 - 9.9375	2¾-3½oredis	-3.78	7⅞-8½dis	-3.20
Ireland	1.0400 - 1.0475	1.0405 - 1.0415	0.07-0.09cdis	-0.92	0.22-0.27dis	-0.94
Germany	2.4400 - 2.4525	2.4400 - 2.4450	⅛-¼pfdis	-0.92	½-⅝dis	-0.92
Portugal	252.25 - 254.25	252.50 - 253.50	111-121cdis	-5.50	330-354dis	-5.41
Spain	197.00 - 198.70	197.10 - 197.40	65-75cdis	-4.26	192-208dis	-4.07
Italy	2398.25 - 2414.25	2399.00 - 2400.00	5-7liredis	-3.00	17-19dis	-3.00
Norway	10.7200 - 10.7825	10.7300 - 10.7400	¼-1oredis	-0.70	1-1¼dis	-0.51
France	8.6350 - 8.6875	8.6425 - 8.6525	⅞-1⅛cdis	-1.39	2⅜-3dis	-1.30
Sweden	11.8700 - 12.0550	11.9025 - 11.9125	1⅞-2½oredis	-2.20	5-6dis	-1.85
Japan	161.50 - 163.00	161.50 - 162.50	½-⅜ypm	3.24	1⅜-1¼pm	3.24
Austria	17.15 - 17.25	17.16 - 17.19	1½-2⅛grodis	-1.14	2⅝-4⅛dis	-0.84
Switzerland	2.1500 - 2.1650	2.1525 - 2.1625	¼-⅛cpm	1.04	¾-⅝pm	1.27
Ecu	1.2890 - 1.2970	1.2895 - 1.2905	0.16-0.21cdis	-1.72	0.52-0.60dis	-1.74

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.70-1.65pm. 12 Month 3.00-2.90pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5080 - 1.5170	1.5120 - 1.5130	0.36-0.34cpm	2.78	0.94-0.91pm	2.45
Ireland†	1.4440 - 1.4540	1.4525 - 1.4535	0.45-0.44cpm	3.72	1.26-1.21pm	3.40
Canada	1.3225 - 1.3320	1.3305 - 1.3315	0.16-0.18cdis	-1.53	0.42-0.48dis	-1.35
Netherlands	1.8135 - 1.8220	1.8158 - 1.8165	0.51-0.54cdis	-3.47	1.38-1.44dis	-3.11
Belgium	35.40 - 35.70	35.45 - 35.55	21.00-23.00cdis	-7.44	57.00-63.00dis	-6.76
Denmark	6.5575 - 6.5825	6.5650 - 6.5700	3.40-3.70oredis	-6.49	9.00-9.70dis	-5.68
Germany	1.6110 - 1.6200	1.6140 - 1.6150	0.50-0.51pfdis	-3.75	1.35-1.37dis	-3.37
Portugal	167.00 - 167.95	167.10 - 167.20	111-116cdis	-8.15	318-331dis	-7.74
Spain	130.20 - 131.15	130.50 - 130.60	75-79cdis	-7.08	210-218dis	-6.56
Italy	1585.00 - 1596.00	1586.25 - 1586.75	7.50-8.00liredis	-5.86	21.00-21.60dis	-5.40
Norway	7.0875 - 7.1250	7.0950 - 7.1000	1.85-2.10oredis	-3.34	5.10-5.50dis	-2.99
France	5.7050 - 5.7375	5.7150 - 5.7200	1.92-2.02cdis	-4.13	5.33-5.48dis	-3.78
Sweden	7.8400 - 7.9575	7.8700 - 7.8750	3.10-3.40oredis	-4.95	8.25-8.75dis	-4.32
Japan	106.75 - 107.25	107.00 - 107.10	0.06-0.05ypm	0.62	0.24-0.23pm	0.88
Austria	11.3350 - 11.3900	11.3550 - 11.3600	3.30-3.55grodis	-3.62	9.00-9.75dis	-3.30
Switzerland	1.4230 - 1.4300	1.4260 - 1.4270	0.16-0.19cdis	-1.47	0.40-0.46dis	-1.21
Ecu†	1.1675 - 1.1735	1.1715 - 1.1725	0.45-0.43cpm	4.51	1.23-1.20pm	4.15

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Oct 15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6¼ - 6	6 - 5⅞	5⅞ - 5¾	5{13/16} - 5{11/16}	5⅝ - 5½	5⅝ - 5½
US Dollar	3 - 2⅞	3⅛ - 3	3¼ - 3⅛	3⅜ - 3¼	3½ - 3⅜	3½ - 3⅜
Can. Dollar	4¾ - 4½	4¾ - 4⅝	4⅝ - 4½	4{13/16} - 4⅝	4{15/16} - 4{13/16}	5¼ - 4⅞
Dutch Guilder	6⅝ - 6½	6⅝ - 6½	6½ - 6⅜	6⅜ - 6¼	6⅛ - 5{15/16}	5⅝ - 5½
Swiss Franc	4¼ - 4	4½ - 4⅜	4½ - 4⅜	4½ - 4⅜	4⅜ - 4¼	4¼ - 3{15/16}
D-Mark	6¾ - 6⅝	6¾ - 6⅝	6¾ - 6⅝	6{11/16} - 6½	6⅜ - 6¼	6 - 5⅞
French Franc	7{3/16} - 6{15/16}	7{3/16} - 6{15/16}	7⅛ - 6{15/16}	7 - 6⅞	6{13/16} - 6⅝	6⅜ - 6¼
Italian Lira	10 - 8	9⅛ - 8⅝	9 - 8½	8⅞ - 8⅝	8⅝ - 8⅜	8½ - 8¼
Belgian Franc	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9¾ - 9½	9 - 8¾	8 - 7¾
Yen	2⅜ - 2¼	2⅜ - 2¼	2⅜ - 2¼	2½ - 2⅜	2½ - 2⅜	2½ - 2⅜
Danish Krone	9½ - 9	9½ - 9	9½ - 9	9⅜ - 8¾	8⅝ - 8¼	7¾ - 7½
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¾
Spanish Peseta	10 - 9¾	10 - 9¾	9{15/16} - 9{11/16}	9¾ - 9½	9⅝ - 9⅜	9¼ - 9
Portuguese Esc.	12½ - 12	12¼ - 11¾	11½ - 11	11⅜ - 10⅞	11⅛ - 10¾	10⅝ - 10¼

Long term Eurodollars: two years 4-3⅞ per cent; three years 4⅜-4¼ per cent; four years 4{11/16}-4{9/16} per cent; five years 4{15/16}-4{13/16} per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct 15	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.512	2.442	162.0	8.647	2.157	2.747	2399	2.013	53.70	197.2	1.290
$	0.661	1	1.615	107.1	5.719	1.427	1.817	1587	1.331	35.52	130.4	0.853
DM	0.410	0.619	1	66.34	3.541	0.883	1.125	982.4	0.824	21.99	80.75	0.528
YEN	6.173	9.333	15.07	1000.	53.38	13.31	16.96	14809	12.43	331.5	1217	7.963
F Fr.	1.156	1.749	2.824	187.3	10.	2.495	3.177	2774	2.328	62.10	228.1	1.492
S Fr.	0.464	0.701	1.132	75.10	4.009	1	1.274	1112	0.933	24.90	91.42	0.598
N Fl.	0.364	0.550	0.889	58.97	3.148	0.785	1	873.3	0.733	19.55	71.79	0.470
Lira	0.417	0.630	1.018	67.53	3.604	0.899	1.145	1000.	0.839	22.38	82.20	0.538
C $	0.497	0.751	1.213	80.48	4.296	1.072	1.365	1192	1	26.68	97.96	0.641
B Fr.	1.862	2.816	4.547	301.7	16.10	4.017	5.115	4467	3.749	100.	367.2	2.402
Pta	0.507	0.767	1.238	82.15	4.385	1.094	1.393	1217	1.021	27.23	100.	0.654
Ecu	0.775	1.172	1.893	125.6	6.703	1.672	2.129	1860	1.560	41.63	152.9	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5125	1.5090	1.5033	1.4958	1.4830
D-mark	2.4425	2.4449	2.4463	2.4573	2.4515
French Fr.	8.6475	8.6570	8.6748	8.6932	8.7080
Swiss Fr.	2.1575	2.1562	2.1508	2.1442	2.1380
Yen	162.00	161.54	160.67	159.51	157.31

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
112	2-32	2-53	0-18	1-21
113	1-48	2-17	0-34	1-49
114	1-08	1-49	0-58	2-17
115	0-44	1-23	1-30	2-55
116	0-24	1-01	2-10	3-33
117	0-12	0-48	2-62	4-16
118	0-06	0-34	3-56	5-02
119	0-03	0-24	4-53	5-56

Estimated volume total, Calls 42655 Puts 3571. Previous day's open int. Calls 58105 Puts 47798

LIFFE EURO SWISS FRANC OPTIONS SFR 1m points of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
9525	0.53	0.88	0.01	0.01
9550	0.30	0.70	0.03	0.03
9575	0.10	0.48	0.08	0.06
9600	0.03	0.27	0.26	0.10
9625	0.01	0.12	0.49	0.20
9650	0	0.06	0.73	0.39
9675	0	0.03	0.98	0.61
9700	0	0.01	1.23	0.84

Estimated volume total, Calls 150 Puts 300. Previous day's open int. Calls 1675 Puts 1245

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
9900	1.29	1.73	0.13	0.45
9950	0.91	1.39	0.25	0.61
1000	0.58	1.10	0.42	0.82
1005	0.36	0.85	0.70	1.07
1010	0.20	0.64	1.04	1.36
1015	0.11	0.47	1.45	1.69
1020	0.06	0.34	1.90	2.06
1025	0.03	0.24	2.37	2.46

Estimated volume total, Calls 16798 Puts 7853. Previous day's open int. Calls 196198 Puts 135057

LIFFE EUROMARK OPTIONS DM1m points of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
9325	0.60	1.22	0.01	0.01
9350	0.37	0.99	0.03	0.02
9375	0.17	0.75	0.08	0.03
9400	0.07	0.53	0.23	0.06
9425	0.03	0.34	0.44	0.12
9450	0.01	0.20	0.67	0.23
9475	0	0.11	0.91	0.39
9500	0	0.06	1.16	0.59

Estimated volume total, Calls 6388 Puts 351. Previous day's open int. Calls 174824 Puts 102964

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
1170	2.16	2.99	0.72	1.81
1175	1.83	2.72	0.88	2.04
1180	1.52	2.46	1.06	2.28
1185	1.27	2.21	1.33	2.53
1190	1.03	1.99	1.59	2.81
1195	0.83	1.78	1.89	3.10
1200	0.68	1.59	2.22	3.41
1205	0.52	1.41	2.56	3.73

Estimated volume total, Calls 1944 Puts 864. Previous day's open int. Calls 41175 Puts 25778

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Dec	Calls Mar	Puts-settlements Dec	Puts Mar
9400	0.58	0.78	0.01	0.05
9425	0.36	0.57	0.04	0.09
9450	0.19	0.38	0.12	0.15
9475	0.08	0.24	0.26	0.26
9500	0.03	0.15	0.46	0.42
9525	0.01	0.09	0.69	0.61
9550	0	0.05	0.93	0.82
9575	0	0.03	1.18	1.05

Estimated volume total, Calls 12441 Puts 3478. Previous day's open int. Calls 147266 Puts 102483

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT * £50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	114-07	114-14	113-22	113-22
Mar	113-16	113-19	113-13	113-00

Estimated volume 61419 (76699). Previous day's open int. 122397 (122905)

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	100.16	100.23	99.97	99.98
Mar	100.28	100.30	100.10	100.11

Estimated volume 80175 (84306). Previous day's open int. 186947 (181295)

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL) DM250,000 100ths of 100% *

	Close	High	Low	Prev.
Dec	102.10	102.13	101.93	101.90
Mar				

Estimated volume 3517 (1345). Previous day's open int. 22095 (22115)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Dec	113.56	113.60	113.39
Mar	112.75	112.77	112.60

Estimated volume 2309 (3010). Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Dec	118.44	118.65	118.05	117.95
Mar	118.18	118.35	118.00	117.72

Estimated volume 30874 (30101). Previous day's open int. 79394 (82210)

10% NOTIONAL SPANISH GOVT. BOND (BONOS) Pta 20m 100ths of 100%

	Close	High	Low	Prev.
N A N A				

Estimated volume 0 (0). Previous day's open int. 0 (0)

THREE MONTH STERLING * £500,000 points of 100%

	Close	High	Low	Prev.
Dec	94.57	94.59	94.46	94.47
Mar	94.73	94.74	94.66	94.67
Jun	94.70	94.70	94.64	94.64
Sep	94.57	94.56	94.50	94.50
Dec	94.35	94.37	94.30	94.28

Est. Vol. (inc. figs. not shown) 83262 (80375). Previous day's open int. 351353 (348037)

THREE MONTH EURODOLLAR * $1m points of 100%

	Close	High	Low	Prev.
Dec	96.57	96.57	96.57	96.57
Mar	96.57	96.59	96.59	96.57
Jun	96.39			96.39
Sep	96.18			96.19

Est. Vol. (inc. figs. not shown) 34 (318). Previous day's open int. 10533 (10352)

THREE MONTH EUROMARK * DM 1m points of 100%

	Close	High	Low	Prev.
Dec	93.84	93.86	93.80	93.80
Mar	94.47	94.48	94.42	94.42
Jun	94.85	94.88	94.82	94.81
Sep	95.06	95.07	95.04	95.04
Dec	95.14	95.17	95.13	95.13

Estimated volume 79951 (74110). Previous day's open int. 656116 (654234)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	93.03	93.10	92.96	92.94
Mar	93.83	93.84	93.74	93.72
Jun	94.33	94.33	94.25	94.23
Sep	94.60	94.61	94.56	94.52

Estimated volume 3383 (2728). Previous day's open int. 31482 (31436)

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	95.77	95.82	95.77	95.78
Mar	96.17	96.21	96.17	96.18
Jun	96.40	96.40	96.40	96.37
Sep	96.47	96.47	96.47	96.46

Estimated volume 6387 (12760). Previous day's open int. 50674 (47114)

THREE MONTH EUROLIRA INT. RATE LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Dec	91.78	91.80	91.70	91.67
Mar	92.38	92.38	92.30	92.27
Jun	92.75	92.78	92.68	92.67
Sep	92.95	92.97	92.90	92.87

Estimated volume 8016 (8642). Previous day's open int. 99289 (98518)

FT-SE 100 INDEX * £25 per full index point

	Close	High	Low	Prev.
Dec	3150.0	3163.0	3122.0	3110.0
Mar	[illegible]	[illegible]	[illegible]	3127.5
Jun	[illegible]	[illegible]	[illegible]	3139.0

Estimated volume 14230 (9030). Previous day's open int. 58339 (58557)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec	122-01	122-06	121-07	121-07
Mar	120-26	120-31	120-02	120-01
Jun	119-29	119-29	119-03	118-31
Sep	118-02	118-26	118-02	117-31
Dec	118-06	118-08	117-20	117-15
Mar	116-22	-	-	116-22
Jun	115-31	-	-	115-31
Sep	115-10	-	-	115-10
Dec	114-22	-	-	114-22

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Dec	96.92	96.93	96.90	96.90
Mar	96.82	96.82	96.80	96.80
Jun	96.67	96.67	96.66	96.64

BRITISH POUND (IMM) $s per £

	Latest	High	Low	Prev.
Dec	1.5060	1.5106	1.5022	1.5090
Mar	1.4950	1.5000	1.4950	1.5014
Jun	1.4946	-	-	1.4946

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.7004	0.7015	0.6975	0.7011
Mar	0.6985	0.6995	0.6965	0.6997
Jun	0.6989	-	-	0.6989

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec	0.9369	0.9372	0.9322	0.9324
Mar	0.9379	0.9396	0.9347	0.9347
Jun	0.9371	-	-	0.9371

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec	0.6162	0.6168	0.6135	0.6165
Mar	0.6119	0.6120	0.6103	0.6122
Jun	0.6089	-	-	0.6089

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Dec	96.58	96.59	96.57	96.57
Mar	96.58	96.61	96.57	96.57
Jun	96.42	96.43	96.39	96.39
Sep	96.22	96.24	96.18	96.18
Dec	95.84	95.87	95.82	95.82
Mar	95.78	95.80	95.75	95.75
Jun	95.58	95.60	95.55	95.55
Sep	95.42	95.43	95.38	95.38

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Dec	469.50	469.90	467.50	467.95
Mar	470.80	471.00	470.50	468.65
Jun	469.65	-	-	469.65
Sep	470.65	-	-	470.65

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
1.425	8.38	8.21	8.28	8.79	-	0.13	0.59	2.00
1.450	5.93	6.03	6.31	7.18	-	0.39	1.07	2.75
1.475	3.43	4.07	4.55	5.70	-	0.85	1.79	3.74
1.500	1.06	2.48	3.09	4.43	0.03	1.75	2.77	4.94
1.525	-	1.36	2.04	3.39	1.40	3.10	4.16	6.37
1.550	-	0.67	1.26	2.59	3.81	4.90	5.86	7.93
1.575	-	0.31	0.72	1.91	6.30	6.98	7.77	9.72

Previous day's open int: Calls 648,827 Puts 636,953 (All currencies). Previous day's volume: Calls 17,905 Puts 21,939 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open int
December	124.42	124.54	+0.26	124.62	124.36	-	223,926
March	128.70	128.84	+0.28	128.88	128.66	-	21,184
June	128.16	128.24	+0.20	128.26	128.18	-	1,030

Estimated volume 115,497 † Total Open Interest 246,120

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	† Yield	† Open int
December	93.50	93.58	+0.14	93.60	93.48	-	109,352
March	94.30	94.43	+0.17	94.45	94.30	-	83,714
June	94.74	94.86	+0.17	94.87	94.74	-	40,046
September	95.00	95.05	+0.11	95.06	94.97	-	30,428

Estimated volume 83,254 † Total Open Interest 274,770

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	† Yield	† Open int
October	2140.0	2158.0	+31.0	2159.0	2135.0	-	39,337
November	2151.5	2169.5	+31.0	2172.0	2149.0	-	2,663
December	2164.5	2182.0	+30.5	2184.0	2161.0	-	29,175
March	2195.5	2215.0	+30.0	2216.0	2195.5	-	7,207

Estimated volume 21,332 † Total Open Interest 82,382

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open int
December	119.44	119.58	+0.36	119.64	119.36	-	10,755

Estimated volume 3,463 † Total Open Interest 10,755

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
122	-	2.58	-	-	0.08	-
123	1.56	1.71	-	-	0.18	-
124	0.67	0.96	-	0.13	0.42	0.15
125	0.14	0.44	-	-	0.91	0.27
126	0.02	0.15	3.20	-	-	0.45
Open Int	30,290	189,383	56,570	26,423	168,420	52,012

Estimated volume 28,047 † Total Open Interest 522,558
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR
FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5125	1.5090	1.5033	1.4958	1.4830

BANK RETURN

BANKING DEPARTMENT	Wednesday October 13, 1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	2,643,214,812	+	1,324,413,023
Bankers Deposits	1,506,385,809	-	11,247,089
Reserve and other Accounts	3,606,145,106	-	965,502,607
	7,770,298,727	+	347,663,327
ASSETS			
Government Securities	1,086,905,193	-	58,925,000
Advance and other Accounts	6,229,784,339	+	409,132,785
Premises Equipment & other Secs	443,465,457	-	1,088,264
Notes	9,939,632	-	1,447,160
Coin	204,106	-	9,034
	7,770,298,727	+	347,663,327
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,060,060,368	-	58,552,840
Notes in Banking Department	9,939,632	-	1,447,160
	17,070,000,000	-	60,000,000
ASSETS			
Government Debt	11,015,000		
Other Government Securities	7,621,525,978	+	804,937,410
Other Securities	9,437,458,922	-	864,937,410
	17,070,000,000	-	60,000,000

MONEY MARKETS

Rate cut pressure grows

EUROPEAN short-term interest rate futures continued to push upwards yesterday, signalling the belief that interest rates are due to slide, *writes Peter John*.

December short sterling and D-Mark contracts traded on Liffe were both strong and the French contract traded on the Matif in Paris rose 10 basis points in early trade.

The contracts go up on expectation of lower rates. They reflect the market's view of where three-month lending rates are moving ahead of the contract maturity dates in December.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Short sterling has been firm all week and appears to have broken through a narrow trading range as belief solidifies that the UK government must cut base rates by at least half a point if the economy is to continue its recovery. The short sterling futures contract for December moved through 94.50 to close 12 basis points up at 94.57.

There is also a growing body of opinion that some European countries, especially France and Belgium, will be forced to abandon attempts to link their currencies with the D-Mark by cutting rates and letting them find their own level.

The French financial futures contract rose 14 basis points to 93.56 while the much more thinly traded Belgian contract added to a big rise on Thursday with a further 26-basis point rise to 91.51. That level indicated three-month money would be around 8.5 per cent in December. The Belgian three-month rate was at 10 per cent yesterday. The German D-Mark contract rose 4 basis points to 93.84.

Bank of England operations were relatively comfortable yesterday. The Bank offered the money market an early round of assistance after forecasting a liquidity shortage of around £1.5bn which was later revised down to £1.3bn.

Among the main factors affecting the market were the take-up of Treasury Bills and paper maturing in official hands which drained £504m from the system, Exchequer transactions which removed £445m and a rise in note circulation which took up another £675m.

Partly offsetting these developments were bankers' balances above target which injected £145m into the system.

The central bank bought £1.004bn of bills at the early round of assistance followed by a further £81m and late assistance of £110m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 15)	3 months US dollars		6 months US Dollars
bid 3¼	offer 3⅜	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — *Treasury Bills and Bonds*

Lunchtime					
Prime rate	6	One month	2.93	Three year	4.01
Broker loan rate	5	Two month	2.98	Five year	4.55
Fed.funds	2{15/16}	Three month	3.08	Seven year	4.73
Fed.funds at intervention	-	Six month	3.18	10-year	5.16
		One year	3.35	30-year	5.78
		Two year	3.77		

Oct 15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.70-6.80	6.70-6.80	6.60-6.75	6.55-6.70	6.30-6.40	7.25
Paris	6{13/16}-7{1/16}	7.00-7.20	-	6.91-7.11	-	6.75
Zurich	3⅞-3⅝	4{3/16}-4{1/16}	-	4{3/16}-4{1/16}	-	-
Amsterdam	6.38-6.43	6.42-6.47	-	6.33-6.38	-	-
Tokyo	2{11/16}-2{9/16}	-	-	-	-	-
Milan	8⅝-9{1/16}	8¾-8⅞	-	8{11/16}-8⅞	-	-
Brussels	-	10⅛-10⅜	-	9⅞-10⅛	-	-
Dublin	6{11/16}-6{13/16}	6{15/16}-7{1/16}	6⅞-7	6⅞-7	6⅝-6¾	-

LONDON MONEY RATES

Oct 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7	5⅞	5{15/16}	5{13/16}	5{11/16}	5⅝
Interbank Bid	4¾	5⅝	5¾	5{11/16}	5{9/16}	5½
Sterling CDs	-	-	5⅞	5¾	5{11/16}	5{9/16}
Local Authority Deps.	6{1/16}	5{13/16}	5⅞	5¾	5⅝	5½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5½	5{13/16}	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5{15/16}	5{13/16}	5{11/16}	5⅝
Treasury Bills (Buy)	-	-	5⅜	5¼	5⅛	-
Bank Bills (Buy)	-	-	5⅝	5{17/32}	5⅜	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.98	3.04	3.07	3.23
SDR Linked Dep. Offer	-	-	4¼	4¼	4¼	4⅛
SDR Linked Dep. Bid	-	-	4⅛	4⅛	4⅛	4
ECU Linked Dep. Offer	-	-	7⅜	7½	7¼	6{15/16}
ECU Linked Dep. Bid	-	-	7{3/16}	7⅜	7⅛	6¾

Treasury Bills (sell); one-month 5{3/16} per cent; three months 5⅛ per cent; six months 5{1/16} per cent; Bank Bills (sell); one-month 5{13/32} per cent; three months 5½ per cent; Treasury Bills; Average tender rate of discount 5.3271 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1993. Agreed rates for period Oct 26, 1993 to Nov 23, 1993 Schemes II & III: 7.22 p.c. Reference rate for period Sept 1, 1993 to Sept 30, 1993, Scheme IV&V: 5.954 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from October 1, 1993. Bank Deposit Rate for sums at 7 days notice 5⅛ p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993. Deposits withdrawn for cash 1¼p.c.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
Allied Trust Bank	6	Exeter Bank Limited	7	Rea Brothers	6
AIB Bank	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
●Henry Ansbacher	6	●Robert Fleming & Co	6	* (in administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
CL Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (in administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £136⅜
Exchequer 10½% Stk 2005 - £127⅜ (12Oc93)

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £41½ (13Oc93)
Leeds(City of) 13½% Red Stk 2006 - £142

Foreign Stocks, Bonds, etc (coupons payable in London)

Norsk Hydro AS 9¾% Nts 2003 (Br £1000&10000) - £111¼ .775 .8 ⅞ .92 (13Oc93)
Norway (Kingdom of) 8.375% Nts 2003 (Br $C Var) - $C107.85ф
Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £104¾ 5¼ (13Oc93)
PCO Finance Ld 8% Cnv Bds 2005 (Br£5000) - £83 (12Oc93)
Pearson PLC 10½% Bds 2008(Br£1000&10000) - £120 (13Oc93)
Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002(Br£1000&10000) - £132⅝ (8Oc93)
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £112.425 (13Oc93)
RTZ Canada Inc 7¼% Gtd Bds 1998(Br£5000&100000) - £101 (8Oc93)
Rank Organisation PLC 8⅝% Bds 2000 (Br £ Var) - £102.575 (13Oc93)
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £107⅛ (8Oc93)
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £113¼ (13Oc93)
SCA Capital Corporation BV 4¼% Gtd Cnv Bds 2004 (BrECU1000) - EC118¼ 118¾ (11Oc93)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Anglo-Eastern Plantations PLC 12½% Uns Ln Stk 95/99 - £100 (12Oc93)
Attwoods PLC ADR (5:1) - $8.87457
Attwoods (Finance) NV 8½p Gtd Red Cnv Prf 5p - 90
Austin Reed Group PLC 8% Cum Prf £1 - 78 (8Oc93)
Australian Agricultural Co Ld $A 0.50 - 370 (13Oc93)
Automated Security(Hldgs) PLC 5% Cnv Cum Red Prf £1 - 77
Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 - 82‡ 4 5 5 ¼ ½ 6 6 7

Seagram Distillers PLC 12⅞% Deb Stk 2012 - £140½
Sears PLC 5.25% (Fmly 7½%) Cum Prf £1 - 86 7 8 (11Oc93)
Sears PLC 4.9% (Fmly 7%) "A" Cum Prf £1 - 76½ф
Sears PLC 7¼% Uns Ln Stk 92/97 - £99 (12Oc93)

Warner Estate Hldgs PLC 6½% Uns Ln Stk 91/96 - £95 (11Oc93)
Watmoughs(Hldgs) PLC 8¼% Cum Red Prf 2006 £1 - 111 ½ 2½
Wellcome PLC ADR (1:1) - $11⅛
West Kent Water Co 12½% Red Deb Stk 94/96 - £106½ (12Oc93)

Investment Trusts

Miscellaneous Warrants

USM Appendix

Rule 535(2)

Bugini Mining A$5.356
North Flinders Mines £5.2
Oil Search 32.0 (13/10)
Portman Mining 50.0 (13/10)
Samantha Hldgs. A$3.46
Selangor Coconuts 60.0 (12/10)
Singapore Land S$5.1 (8/10)
Stoner Comminications SK358.92,360.78
Valiant Consolidated 18.0 (11/10)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

EARNINGS IN THE FT

Readers of the FT's London Share Service pages will have started to notice a capital N against the names of some companies.

The N symbol means that the version of the company's earnings used in the FT's statistical calculations now follows the "headline earnings" formula devised by a subcommittee of the Institute for Investment Management and Research (IIMR) and proposed in draft form (still subject to final review) in early March.

This formula represents a broad consensus on the "single number" that should be used for UK companies' earnings under the Accounting Standards Board's Financial Reporting Standard 3.

The IIMR headline earnings formula emphasises a company's actual activities during the reporting period, including those activities which have been with the company only for part of the period. Key features are:

- All trading profits/losses are included in the earnings number. Items which are abnormal in size or nature are included but should be flagged:
- Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale, such as marketable securities.
- Profits and losses arising in activities discontinued at some point in the period, or in activities acquired at some point in the period, should remain in the earnings figure. Costs of eliminating a discontinued operation, or of making an acquisition, are excluded.

Further information on the FT's treatment of earnings is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

LONDON STOCK EXCHANGE

New Footsie highs as buyers return

By Terry Byland,
UK Stock Market Editor

RENEWED strength in equities across Europe, sparked by US buying of telecommunications stocks in the Far East, drove the London equity market to new peaks yesterday, pushing doubts over the domestic economy into the background. The equity trading account closed on a strongly optimistic note as confidence that interest rates are on the way down throughout Europe was encouraged by new equity peaks in Germany and falling bond yields in London and New York.

At the day's best, the FT-SE Index was 40.4 points ahead at a new trading peak of 3,126.7, fuelled by heavy arbitraging from the stock index futures sector where the December contract also touched a new peak of 3,163.

The final reading saw the FT-SE Index at a new closing high of 3,120.8, for a net gain of 34.5. London received further US support towards the close. The FT-A All-Share Index also set a new peak.

Account Dealing Dates		
*First Dealings:		
Oct 4	Oct 18	Nov 1
Option Declarations:		
Oct 14	Oct 28	Nov 11
Last Dealings:		
Oct 15	Oct 29	Nov 12
Account Day:		
Oct 25	Nov 8	Nov 22

*New time dealings may take place from two business days earlier.

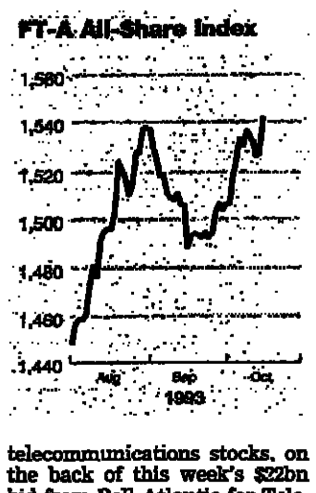
After initial uncertainty over official statistics on UK economic activity, the Footsie closed the week 12.2 points ahead, but gained 2.7 per cent over the equity account.

Activity focused on the market's top 100 stocks, although the FT-SE Mid 250 Index closed 15.4 up at 3,479.8.

While UK strategists remained convinced that the November Budget will be accompanied by a cut in domestic interest rates – one leading analyst told a radio audience that the chancellor of the exchequer should cut rates by 2 points – the market's focal point shifted from home to overseas.

Shares opened strongly, with the weight of US demand for telecommunications stocks, on the back of this week's $22bn bid from Bell Atlantic for Tele-Communications Inc, taking London marketmakers by surprise.

FT-A All-Share Index



The running was quickly taken up by investment funds from continental Europe and then by renewed interest from the US after the Federal bond market responded strongly to the latest US inflation data.

With the benchmark long-dated federal bond offering a record low yield of 5.79 per cent, UK bonds were also in excellent form. Firmness in short-dated British government bonds underlined optimism towards base rates, while the long dates advanced by around half a point. Bonds brushed off news that the next gilts auction, on October 27, will consist of stocks in the 1997-2001 range.

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Telecom stocks in demand

STRONG US buying for telecom issues in the wake of this week's announcement of a $22bn merger between Bell Atlantic and Tele-Communications Inc proved the spur for the strong advance of the market as a whole.

The demand for telecom stocks, first seen on Thursday, came early in the session, though a host of other features also played their part in the day's rise. BT was one of several stocks to gain from the rally and sentiment was further enhanced by reports of recommendations from Strauss Turnbull and UBS.

The shares moved 9½ ahead to 456½p, as turnover soared to a hefty 14m. It was also the day's most active stock in the traded options where the equivalent of an additional 4.4m shares was also dealt.

It was the strong overnight performance of the Hong Kong market that was the additional bonus for Cable & Wireless. C&W has a 57.5 per cent stake in Hong Kong Telecom, a substantial contributor to C&W's earnings.

The shares raced forward and at the day's best were up 42 at 995p, before a bout of profit-taking saw them relinquish some of the early gains to finish a 17 up at 967p, after trade of 7.9m.

Other strong performances in the sector came from Securicor "A" which put on 3 to 790p, and Vodafone Group, 8 better at 559p.

After a recent good run, favoured by investors looking for positions in defensive stocks, the water sector is now braced for a period of uncertainty.

None of the stocks, which provide a refuge in a shaky market with high yields, was able to run with yesterday's momentum that swept through most other sectors. Most of the shares gave up a few pence.

According to one analyst the sector has been overbought and is poised for a balancing. "It is nervous at these levels and the market has begun to realise that."

Also hanging over water stocks is the impending announcement of the methodology which Ofwat intends to use in its pricing decisions. Caution is likely to trouble the stocks ahead of the news expected early next month.

Welsh fell back 8 to 654p; Northumberland lost 4 to 675p; North West gave up 3 to 556p and South West went down 3 to 579p.

The buoyant Hong Kong market boosted several stocks in the banks sector. These included HSBC, 10 better at 756p, Standard Chartered which also put on 10 to finish at 1024p. Lloyds, which has a stake in Standard, gained 14 to 577p.

However it was a recommendation from Morgan Stanley that was said to have responsible for the advance in Abbey National where the shares put on 8 to 425p.

Lasmo, which suffered slightly in the previous session after a debt downgrading by Moody's, managed a convincing fightback. Market talk had it that the shares' rally was down to interest over a proposed asset sale by the company.

European buyers are thought to be offering bids in excess of the £100m expected for Lasmo's stake in the Markham North Sea gas field. The shares gained 5 to 141p in strong turnover of 7.1m.

Strong activity was seen in British Gas shares ahead of it going ex-dividend on Monday with the stock being pursued by basket traders and income funds. In healthy turnover of 12m the price moved up 7½ to 336p.

One analyst also saw a little psychological fillip for energy shares in the first taste of a winter cold snap. BP traded in sound volume of 10m with shares firming a penny to 326½p.

A boost for Burmah came with the change in stance by Hoare Govett. The broker turned from a hold position to a buy.

Enterprise continued to benefit from positive sentiment and pushed up 8 to 487p. The strong market trend boosted Shell Transport helping the shares rise 8½ to 689p.

A placing of 5m Storehouse shares by Panmure Gordon, the London broking house, was behind the well-above average activity in the stock. The placing at 200p helped boost volume to 10m and the shares gained 4 to close at 203p.

Shares in Northern Foods trailed the market, falling 5 to 242p, on the possibility that it may reduce its milk prices following Tesco's move to slash the price. Analysts said, however, that the move only affected Tesco whose shares hardened a penny to 203p.

Sentiment in the US for brand name food companies spilled into the UK market benefiting several stocks. These included Cadbury Schweppes, where the shares gained 8 to 472p, Unilever, which jumped 21 to 1115p, and United Biscuits, 2 better at 367p. Brewing group Allied-Lyons was boosted by the same sentiment and the shares advanced 14 to 583p.

A line of stock overhanging Allied Colloids was said to be largely responsible for the stock's slip of 4½ to 236p. ICI kept in step with the market adding 10 to 729p albeit in low volume.

The prospect of cuts in UK defence spending cast a cloud over several stocks in the field causing them to buck the market trend. GEC lost 9 to 344p, on speculation that a new missile programme could be in danger. Shipbuilder VSEL was also out of favour on the prospect of cuts in naval spending. The shares eased 4 to 845p.

Automotive and aerospace components group Lucas Industries were in demand, with those who favour the stock continuing to believe an announcement of a the group's new chief executive is about to be made. The shares gained 8 to 175p as 5.5m were traded.

MARKET REPORTERS:
Joel Kibazo,
Christine Buckley.

■ Other statistics, Page 11.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)			
Rises			
BAT Inds	486	+	18
Body Shop Intl	197	+	9
Bristol Scotts	73	+	10
Brooks Service	70	+	5
Crockfords	114	+	7
Debenham Tewson	118	+	10
Flextech	177	+	15
Greycoat	31	+	4
Grosvenor Inns	148	+	5
Lucas Inds	174	+	8
M & W	149	+	6
Micro Focus	1430	+	127
News Corp	506	+	25
News Int Sp Div	291	+	20
Owners Abroad	92	+	9
Peel Hldgs	340	+	11
Rank Org	845	+	24
Sleepy Kids	56	+	3
Falls			
Bespak	488	–	42
Betterware	195	–	8
Darby Group	85	–	10
GEC	344	–	9
Tepnel Diagnostics	185	–	8
Tiphook	129	–	8

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (287).

BRITISH FUNDS (20) AMERICANS (5) Bell Atlantic, Chrysler, Ford Motor, Lowe's, Time Warner, CANADIANS (1) Bank of Nova Scotia, BANKS (8) ABN Amro, Bank Ireland, Barclays, Deutsche Bank, HSBC, Natl. Aust., Natl. Westminster, Standard Chartered, BREWERS (3) Gibbs Mew, Grosvenor Inns, Matthew Clark, BUSINESS SERVS (4) BNB Res., Corp. Services, Hays, Hutch. Whmp., CHEMS (2) BASF, Schering, CONGLOMERATES (1) Jardine, CONTG & CONSTRCN (1) EBC, ELECTRICALS (3) ASEA B, Dewhirst A, Ericsson (L.M.), ELECTRICITY (8) China Light, East Midlands, Midlands, Northern, Norweb, Seaboard, Sth. Western, Southern, ELECTRONICS (5) Eurotherm, Phonelink, Psion, Siemens, Sungard Data, ENG GEN (1) Kraemer B, FOOD RETAILING (3) Dairy Farm, Farepak, M & W, HEALTH & HSEHOLD (2) Amersham, Westminster Healthcare, HOTELS & LEIS (6) Airtours, Bristol Scotts, Granada, Do. Pf., Rank, Do. Pf., INSCE COMPOSITE (1) Allianz, INSCE LIFE (1) Aegon,INV TRUSTS (135) MEDIA (9) Dorling Kindersley, Euromoney Pub., Flextech, HTV, News Corp., News Intl. Spec. Div., Storm, VTR, Watmoughs, MERCHANT BANKS (1) Warburg (S.G.), MTL & MTL FORMING (2) Meteoc, Simsmetal, MISC (2) Birkby, Great Southern, MOTORS (2) First Tech., Lucas, OIL & GAS (8) Alliance Res., Bridge Oil, Greenway, Royal Dutch, Santos, Shell Trans., Total B, Woodside, OTHER FINCL (4) EFT, M & G, Mercury Asset Mgmt., Smith New Court, OTHER INDLS (2) B.H. Prop., RJB, PACKG, PAPER & PRINTG (2) Bunzl, Jarvis Porter, PROP (11) STORES (5) Brown (N), Carpetright, Courts, Dixons Pf., Menzies (J), TELE NETWORKS (7) Brit. Telecom, Cable & Wire, Do. A, GN Great Nordic, Securicor, Do. A, Security Services, TEXTS (3) Hollas, Lamont, Worthington, TRANSPORT (5) BAA, Brit. Airways, Do. Cv., Cathay Pacific, Mayne Nickless, WATER (5) Nth. West, Severn Trent, Sth. West, Southern, Wessex, SOUTH AFRICANS (1) SASOL, PLANTATIONS (1) Rowe Evans, MINES (7) Anglo Am., Anglovaal, Antofagasta, De Beers Linked Uts., Johannesburg Cons., Middle Wits., Pasminco.

NEW LOWS (20).

BRITISH FUNDS (2) Treas. 13¾pc 1993, Treas 14½pc 1994, AMERICANS (1) Woolworth, CANADIANS (1) Brealorater Res., BREWERS (1) Macallan-Glenlivet, BUSINESS SERVS (1) Reliance Sec., CONGLOMERATES (1) Porter Chadburn, CONTG & CONSTRCN (2) Ball (A.H.), Baris, FOOD RETAILING (2) ASDA, Sainsbury (J), INSCE BROKERS (2) Hogg, Marsh & McLennan, INV TRUSTS (1) Environmental Inv., MEDIA (1) Birkdale, MISC (3) Lionheart, Photo-Me, Sinclair (Wm), STORES (1) Betterware, TEXTS (1) Martin.

EQUITY FUTURES AND OPTIONS TRADING

THE SUDDEN turn towards optimism in UK equities, backed up by renewed demand from US funds, brought sharply increased turnover in London derivatives markets yesterday, writes Terry Byland. In stock index futures, the December contract on the FT-SE Index raced to a new trading high of 3,163 at mid-session when it stood at a 40 point premium to cash. Volume jumped to 14,230 contracts, nearly 50 per cent above recent averages.

The premium remained at 30 points at the close, and the session was featured by heavy arbitrage activity between futures and cash. Fair value, the premium allowing for dividend and carrying costs, stood at around 22 points yesterday but falls to around 18 on Monday when the new equity market account opens.

Confidence on other European bourses that interest rates are moving lower, saw European and US funds active.

Volume in traded options also soared, and 52,462 contracts were recorded, with the FT-SE contract more than doubling to 28,106.

FINANCIAL TIMES EQUITY INDICES

	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Year ago	* High	* Low
Ordinary share	2354.3	2327.4	2333.2	2350.8	2358.7	1872.3	2414.2	2134.7
Ord. div. yield	3.95	4.00	3.99	3.97	3.96	4.78	4.52	3.82
Earning yld % full	4.58	4.64	4.63	4.60	4.59	6.83	6.38	4.51
P/E ratio net	27.48	27.16	27.21	27.39	27.46	18.60	28.30	19.40
P/E ratio nil	25.34	25.05	25.09	25.26	25.32	17.29	26.14	18.14
Gold Mines	213.7	214.6	216.6	206.2	211.2	67.1	249.2	60.0

*for 1993. Ordinary share Index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2336.6	2335.0	2340.4	2341.9	2343.9	2349.2	2353.4	2352.7	2353.6	2354.8	2334.4

Volume	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Year ago
SEAQ Bargains	39,281	28,008	29,095	29,977	31,544	28,286
Equity Turnover(£m)†	-	1385.9	1506.7	1241.0	936.1	1257.0
Equity Bargains†	-	31,812	32,372	33,901	34,891	30,373
Shares traded (mil)†	-	562.1	566.7	458.9	426.8	538.0

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday October 15 1993

Gold Mines Index	+	234.43	Motors	+	17.61
Property	+	69.89	Transport	+	17.37
Merchant Banks	+	67.63	Insurance (Composite)	+	17.37
Metals & Metal Forming	+	50.00	Media	+	17.01
Engineering-Aerospace	+	45.82	Other Groups	+	16.06
Contracting, Construction	+	40.43	Textiles	+	13.69
Banks	+	39.59	Packaging, Paper & Pringing	+	13.65
Financial Group	+	37.67	FT-A All-Share	+	13.06
Electricity	+	35.09	Conglomerates	+	12.88
Building Materials	+	32.99	Stores	+	12.30
FT-SE SmallCap	+	31.11	FT-SE-A 350	+	12.10
FT-SE SmallCap ex Inv Tst	+	30.11	Hotels & Leisure	+	10.05
Investment Trusts	+	29.06	Business Services	+	9.90
Electronics	+	22.40	FT-SE 100	+	9.64
FT-SE Mid 250	+	21.55	Chemicals	+	9.09
Insurance (Life)	+	21.32	Insurance Brokers	+	8.69
Oil & Gas	+	21.31	"500" Share Index	+	8.57
FT-SE Mid 250 ex Inv Tst	+	21.11	Industrial Group	+	7.14
Capital Goods	+	21.04	Other Industrials	+	5.47
Telephone Networks	+	20.46	Food Manufacturing	+	1.77
Engineering-General	+	20.30	Consumer Group	-	3.62
Water	+	18.51	Brewers & Distillers	-	13.15
Electricals	+	18.19	Health & Household	-	14.82
			Food Retailing	-	20.62

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	120.8877	+0.319	6.58	6.71	6.68
BELGIUM		9.000	03/03	112.3250	+0.725	7.15	7.24	7.18
CANADA *		7.500	12/03	105.2000	+0.430	6.65	6.76	6.97
DENMARK		8.000	05/03	110.9500	+0.450	6.43	6.55	6.87
FRANCE	BTAN	5.750	11/98	101.0551	+0.305	5.50	5.60	5.71
	OAT	6.750	10/03	106.1200	+0.300	5.92	5.99	6.19
GERMANY		6.500	07/03	104.2450	+0.230	5.91	5.97	6.22
ITALY		10.000	08/03	108.5650	+0.775	8.87†	9.10	9.58
JAPAN	No 119	4.800	06/99	107.5806	-0.087	3.20	3.20	3.60
	No 157	4.500	06/03	105.1385	+0.183	3.78	3.83	4.16
NETHERLANDS		7.000	02/03	108.0800	+0.190	5.84	5.91	6.04
SPAIN		10.300	06/03	114.4500	+0.550	8.64	8.88	9.29
UK GILTS		7.250	03/98	104-07	+7/32	6.15	6.23	6.44
		8.000	06/03	108-09	+9/32	6.81	6.81	7.04
		9.000	10/08	116-21	+10/32	7.17	7.13	7.35
US TREASURY *		5.750	08/03	104-12	+11/32	5.17	5.25	5.48
		6.250	08/23	106-15	+31/32	5.79	5.92	6.06
ECU (French Govt)		8.000	04/03	111.1500	+0.350	6.39	6.85	6.68

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100 3120.8 +34.5 | **FT-SE MID 250** 3479.8 +15.4 | **FT-A ALL-SHARE** 1541.91 +14.13

	Oct 15	Day's change	Oct 14	Oct 13	Oct 12	year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return	1993 High	1993 Low	Since Compilation High	Since Compilation Low
FT-SE 100	3120.8	+1.1	3086.3	3080.9	3094.7	2563.9	3.76	5.60	22.55	81.80	1136.03	3120.8 15/10	2737.6 19/1	3120.8 15/10/93	986.9 23/7/84
FT-SE Mid 250	3479.8	+0.4	3464.4	3468.3	3474.9	2385.9	3.51	5.78	21.11	79.74	1254.40	3513.3 27/8	2878.3 13/1	3513.3 27/8/93	1379.4 21/1/86
FT-SE Mid 250 ex Inv Trusts	3481.5	+0.3	3470.0	3475.8	3482.1	2390.7	3.62	6.18	19.83	81.78	1250.85	3525.5 27/8	2874.8 1/1	3525.5 27/8/93	1378.3 21/1/86
FT-SE-A 350	1556.6	+1.0	1541.7	1540.0	1546.0	1231.3	3.70	5.56	22.21	39.65	1160.52	1556.6 15/10	1348.7 19/1	1556.6 15/10/93	664.5 14/1/86
FT-SE SmallCap	1788.09	+0.3	1782.95	1783.38	1784.44	–	3.09	3.87	35.43	35.75	1348.46	1788.09 15/10	1377.88 4/1	1788.09 15/10/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1774.38	+0.1	1772.08	1773.94	1775.14	–	3.29	4.29	32.93	37.49	1339.75	1787.58 7/9	1380.06 4/1	1787.58 7/9/93	1363.79 31/12/92
FT-A ALL-SHARE	1541.91	+0.9	1527.78	1526.24	1531.85	1208.32	3.67	5.45	22.75	38.75	1169.96	1541.91 15/10	1330.19 19/1	1541.91 15/10/93	61.92 13/12/74
1 CAPITAL GOODS(215)	1060.08	....	1058.71	1064.86	1072.71	733.07	3.86	3.99	32.83	28.83	1255.76	1099.13 27/8	869.89 13/1	1099.13 27/8/93	50.71 13/12/74

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	67	5	8	181	140	79
Other Fixed Interest	2	1	12	18	11	46
Commercial, Industrial	322	235	859	1,298	1,444	4,346
Financial & Property	406	41	376	1,135	521	2,449
Oil & Gas	26	16	36	101	99	194
Plantations	1	0	7	9	1	30
Mines	59	32	47	231	140	319
Others	72	22	28	244	176	212
Totals	955	352	1,371	3,217	2,532	7,677

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
61 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	160.3	161.8	170.4	+2.90	0.00
AIB Grofund Equity	6	228.6	231.7	245.2	+1.40	1.03
AIB Grofund Euro	5	165.8	167.8	187.7	+1.80	0.28
AIB Grofund Ext Balanced	3	110.2	111.7	115.8	+1.50	0.85
AIB Grofund Gilt	3	78.28	79.30	81.76	—	4.74
AIB Grofund Japan	5	179.9	181.8	191.1	+1.50	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	6	456.4	457.7xd	487.0	+5.2	2.33
General Acc	6	606.2	607.8xd	540.1	+5.8	2.33
UK Growth Acc	6	337.4	341.7xd	363.6	+4.0	2.55
UK Growth Inc	6	236.3	239.4xd	254.7	+2.8	2.55
Higher Inc Acc	6	635.1	645.0xd	686.2	+7.2	3.55
Higher Inc Inc	6	380.2	385.6xd	410.2	+4.4	3.55
Gilt/Fxd Int Acc	5½	188.9	188.9xd	198.5	+0.3	5.87
Gilt/Fxd Int Inc	5½	98.58	96.58xd	101.9	+0.1	5.87
Nth America	6	260.4	264.7xd	281.7	+5.0	0.00
Far East	6	336.3	341.9xd	363.3	+7.4	0.03
Europe	6	254.2	258.2xd	274.7	+2.0	0.85
Brit Excel	6	69.13	69.13	73.55	+0.89	2.57
Brit Fndrntls Acc	6	96.87	97.94xd	104.2	+0.9	4.31

Canada Life Unit Tst Mgrs Ltd (1200)F
High St, Potters Bar, Herts, EN6 5BA 0707 651122

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	6	181.1	184.0	195.0	+2.0	1.88
Do Gen Accum	6	337.7	343.1	363.7	+3.7	1.88
Do Income Dist	6	111.0	113.2	120.0	+0.8	4.45
Do Inc Accum	6	315.0	321.4	340.7	+2.2	4.45
Gilt & Fxd Int	6	43.25	43.30	45.66	-0.02	6.08

Cannon Lincoln Fd Mngrs Ltd (1200)H
1 Olympic Way, Wembley, HA9 0NB
081-902 8876 Dealing: 0800 282521

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5½	47.12	47.44	50.74	+0.42	3.29
Income	5½	60.55	60.18	63.27	+0.50	3.78
Far East	5½	54.22	54.22	57.83	+1.70	0.00
North American	5½	99.25	99.25	105.7	+1.50	0.00
Global	5½	96.69	96.87	103.8	+0.90	0.39
European	5½	81.14	81.14	86.71	+0.61	0.90
Japan	5½	118.5	118.5xd	126.7	+1.10	0.01
Intl Currency Bd	5½	61.23	61.23xd	64.90	+0.52	5.86
SE Asia	6	108.9	108.6	116.4	+3.30	0.67
UK Capital Growth	6	86.05	86.67xd	92.70	+0.47	1.36

Capel-Cure Myers UT Mngt Ltd (1200)F
35 Fountain Street, Manchester M2 2AF 061-236 5685
Enquiries 061 236 5685 Dealing 061 236 5362
Capability Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American & Gen	5	141.20	141.20xd	150.38	+2.88	0.06
(Accum Units)	5	150.00	150.00	159.80	+2.70	0.06
European Inc	6	73.78	73.78	78.07	+0.87	0.79
(Accum Units)	6	76.97	76.97	81.44	+0.89	0.79
Far East & Gen	5	68.73	69.00	73.41	+1.07	—
(Accum Units)	5	68.73	69.00	73.41	+1.07	—

MW Investment Managers Ltd (0858)F
46 Court St, Haddington, E. Lothian 062-082 5867

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1282.3	1282.3	1283.0	+16.3	3.5

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	137.8	137.8	141.8	—	4.10

Manulife Management Ltd (1000)F
St George's Way, Stevenage Dealings 0438-747414

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	182.1	182.6xd	195.3	+2.0	2.32
Gilt & Fxd Int	5	185.1	185.1xd	194.7	-0.3	6.72
Intl Growth	5¼	210.2	210.2	224.8	+2.6	0.21
North American	5¼	173.6	173.6	185.7	+2.8	0.28
Far East	5¼	232.8	234.8	250.8	+7.4	0.90
UK Smaller Cos	5¼	147.0	148.9	159.3	+0.2	1.36
European	5¼	72.50	72.30	77.80	+0.60	0.29
Japanese Growth	5¼	48.63	48.68	51.71	+0.45	0.00
Managed P'folio	5¼	67.26	67.26	71.86	+0.81	1.43
High Income	5¼	187.50	187.7xd	200.7	+2.3	4.09

Norwich Union Tst Managers (1200)H
PO Box 124, Surrey Street, Norwich 0603 682234

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Trust	6	117.42	117.42xd	124.91	+1.11	1.47
UK Equity	6	132.08	134.23	142.80	+1.16	2.86
UK Equity Income	6	129.78	137.80	140.00	+0.85	3.54
UK Smaller Co's	6	118.09	118.28	125.82	-0.08	1.69
UK Equity Growth	6	121.72	123.19xd	131.05	+1.06	2.42
UK Index Tracking ♦F	6	133.10	134.00	142.55	+0.15	3.33
Intl Index Tracking F	6	141.25	142.60xd	151.69	+2.34	1.02
International	6	221.80	224.46	238.78	+3.05	0.86
European	6	166.88	168.20	178.94	+1.38	0.61
Pan European	6	121.21	122.54	130.36	+1.17	1.49
Nth American	6	158.95	160.35	170.58	+1.81	0.61
Nth Amer Smllr Cos	6	169.48	173.61	184.69	+2.46	0.00
Japanese	6	94.91	94.50	102.66	+0.78	0.00
Pacific	6	218.48	219.80	233.61	+5.49	0.32
South East Asian	6	227.42	232.40xd	247.23	+5.58	0.58
International Bond	6	137.44	139.01	148.82	+0.90	4.62
Gilt & Convertible	6	113.54	113.66	120.92	+0.28	6.73
Property F	6	73.84	75.87	80.71	+0.10	6.73
Cash Deposit Accum F	0	108.54	108.54xd	108.54	+0.02	5.37

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (●) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

مكتبة الأصيل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 690300

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	783.8	788.9	844.8	+9.2	2.87
North America	6	125.9	125.9	134.7	+2.5	0.07
Far East	6	145.0	145.0	155.1	+2.9	0.30
W'wide Bond	6	63.21	63.21xd	67.10	+0.4	5.21
European	6	94.69	94.69xd	101.3	+0.8	0.66
Equity Income	6	91.65	92.32	98.74	+0.97	3.16
Portfolio	6	82.45	82.45	88.18	+1.97	0.48
UK Leading Cos	6	56.38	56.96	60.60	+0.71	2.80
Broker Trusts						
Intnl Equity	6	83.02	83.48	87.89	+0.03	-

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basing View, Basingstoke, Hants 0800 525726

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	6	34.41	34.47xd	36.87	+0.73	0.83
Managed Assets	6	126.62	127.37	135.73	+1.18	2.59
UK Income	6	39.72	40.02	42.81	+0.44	2.80
UK Growth	6	38.24	38.58xd	41.23	+0.49	2.09
Worldwide Growth	6	33.19	33.31xd	35.63	+0.53	0.63

Sun Life Trust Mngmt Ltd (1200)H
101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 6010

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Portfolio	5¼	45.97	45.97xd	49.17	+0.21	0.44
Amer Growth Acc	5¼	59.32	59.32	63.44	+1.19	0.00
Cap Protector Acc	5¼	49.63	50.25xd	53.74	+0.37	2.49
Cap Protector Inc	5¼	41.18	41.66xd	44.59	+0.31	2.49
Euro Growth Acc	5¼	81.73	81.73	87.18	+0.70	0.49
Far East Grwth Acc	5¼	134.18	134.18	143.51	+4.01	0.00
Japan Growth Acc	5¼	117.15	117.15xd	125.12	-0.87	0.00
UK Growth Acc	5¼	73.60	73.60	78.72	-0.38	1.73
UK Income Acc	5¼	74.59	74.59	79.78	+0.66	2.97
UK Income Inc	5¼	52.36	52.36	56.00	+0.46	2.97
Mngd Extra Income Inc	5¼	32.43	32.43xd	34.65	+0.28	3.57
Mngd Extra Income Acc	5¼	36.65	36.65xd	39.17	+0.33	3.57
Mngd Growth Acc	5¼	91.43	91.43	97.79	+1.48	0.73
Mngd High Yield Inc	5¼	80.14	80.14	85.71	+0.57	3.75
Mngd High Yield Acc	5¼	98.22	98.22	105.05	+0.70	3.75
Mngd Inc & Gth Acc	5¼	75.72	75.72	80.98	+0.68	2.84

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charifund (z)		110.33	-0.1	9.04
(Accum Units)		836.75	-0.8	9.04
NAAGIF (z)		49.67	-0.3	6.6

Morgan Grenfell Investment Funds Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity † Oct 12	182.5	187.8	—	2.33
UK Small Co † Oct 12	646.5	674.2	—	1.81
Fixed Interest † Oct 12	131.1	131.9	—	6.66
Intl Bond Oct 12	147.7	150.0	—	7.62

Morgan Stanley International

	Bid Price	Offer Price	+ or -	Yield Gross
UK Exempt NAV		£1492.55	—	-
Overseas Exempt NAV		£1417.60	—	-

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
American Exempt	66.27	68.86	+0.65	1.20
European Exempt	60.79	62.68	+0.09	2.35
Fixed Int Ex Oct 14	82.64	83.16xd	—	7.89
Japan Exempt	80.82	82.50	+0.49	0.02
Managed Ex Oct 14	56.27	57.77xd	—	2.98
SE Asia Exempt	138.80	145.00xd	+4.40	1.70
Sm Cos Expt Oct 14	45.96	46.28	—	2.54
UK Eqty Ex Oct 14	48.63	50.44	—	3.66

NatWest Investment Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Smaller Cos Aug 20	6025	6330	—	3.37

PDFM Unit Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Oct 5	871.33	900.79xd	—	2.82
Do Accum	1058.98	1094.78	—	2.82
Int Expt Oct 14	282.53	288.08xd	—	1.4
UK Index Oct 5	1460.65	1476.76xd	—	3.75
Do Accum	1730.01	1751.22	—	3.75
Convertible Oct 11	118.63	121.05xd	—	6.59
World ex UK Index Oct 12	1084.12	1094.02	—	1.74
Do Accum	1084.12	1094.02	—	1.74
Japan Index Oct 12	801.19	808.70	—	0.50

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

John Govett (Channel Islands) Ltd (1000)F

Bank Von Ernst & Cie AG - Contd.

INVESCO International Limited - Contd.

Atlantas Sicav

Nikko Bank (Luxembourg) S.A.

CA Securities Investment Fund Mnmgt Ltd

Hasenbichler Asset Management GmbH

Pacific Growth Fund

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3 pm)

October 15	US$	+ or –
AAR Corp	13¼	–⅛
AMP Inc	64¼	—
AMR Corp	65⅛	+⅛
ASA	45⅛	–¼
Abbott Labs	27⅞	+¼
Acme Cleveland	9⅜	+⅛
Advanced Micro	20⅞	+½
Aetna Life	63⅞	–⅛
Aflac	30⅝	+⅛
Ahmanson (HF)	19⅞	...
Air Prod & Chemical	40	+⅜
Alberto-Culver B	21	+⅛
Albertson's	26	—
Alcan Aluminium	20¼	+¼
Alco Standard	45¾	–⅛
Alexander & Alex	20⅛	...
Allax & Baldwin	23¾	–⅛
Allegheny Power	55	+⅛
Allied Signal	71¾	+⅛
Aluminum Co of Am	68⅞	+¼
Amax	23	—
Amax Gold Inc	7	–⅛
Amdahl Corp	4.81	+.13
Amerada Hess	53¼	–¼
Amer Brands	34	–⅛
Amer Cyanamid	57¼	–½
Amer El Power	39	+½
Amer Express	35	–1⅛
Amer Gen Corp	33¼	–⅛
Amer Greetings A	33	+⅞
Amer Home Pr	63	+⅝
Amer International	92⅞	+⅝
Amer Natl Ins	59¼	+¼
Amer Stores	40¾	+½
Amer T & T	60⅝	–⅛
Ameritech	87¾	+⅛
Ametek Inc	13⅞	+⅛
Amoco	57¼	+⅞
Analog Devices	23⅝	+1¼
Anheuser-Busch	49	+1¼
Aon Corp	53⅞	—
Apple Computer	28	+4¼
Archer Daniels	22¼	–¼
Arkla	8½	+¼
Armco	6⅞	...
Armstrong World	45⅛	+3¾
Asarco	17⅜	+⅛
Ashland Oil	34½	—
Atlantic Richfield	111⅞	+⅛
Auto Data Pro	53	+1⅛
Autodesk	48	+¾
Avery Dennison	26	+⅛
Avnet Inc	37⅞	+⅜
Avon Products	52⅞	–⅞
Balmco Corp	3.75	+.13
Baker Hughes Inc	22	+¼
Ball Corp	27½	...
Bally	10⅛	–⅛
Baltim Gas & El	28¼	+⅛
Banc One	42⅞	–¼
Bandag	55	+¾
BankAmerica	44½	–⅜
Bank of Boston	24½	–¼
Bank of New York	58	...
Bankers Trust N Y	80⅝	–1¼
Barclays plc ADR	34½	+½
Barnett Banks	43	–⅛
Battle Mount Gold	8⅞	–¼
Bausch & Lomb Inc	48⅞	+⅜
Baxter Intl	22¾	–¼
Becton Dickinson	36⅛	–⅛
Bell Atlantic	66⅞	–¼
Bell Industries	17½	+⅛
BellSouth	62½	+2
Belo (A H) A	48⅝	—
Beneficial Corp	80½	+¾
Bethlehem Steel	14⅞	+⅛
Betz Labs	43⅞	–½
Beverly Enterprises	11½	+½
Black & Decker	19¾	–⅛
Block (H&R)	39⅞	+⅛
Blockbuster Enter	27½	+⅞

October 15	US$	+ or –
DSC Commun	70⅞	+5⅛
DOE	38¼	+½
Dana Corp	57¾	+⅞
Data General	9⅞	–⅛
Dayton Hudson	68⅝	+1⅞
Dean Witter Disc	44⅛	–¼
Deere	73⅜	+⅜
Delmarva Powr & L	25⅛	+¼
Delta Air Lines	54⅝	—
Deluxe Corp	35⅛	+½
Detroit Edison	33¾	+⅛
Dial Corp Del	41⅛	+1⅞
Diebold Inc	59⅛	+1½
Digital Comms	18⅝	—
Digital Equipment	37⅞	—
Dillard Dept St	38¼	+½
Disney (Walt)	43¾	–⅛
Dole Food Inc	31⅜	—
Dominion Res	46⅞	+½
Donnelley (RR)&Sons	28½	...
Dover Corp	54	+1⅜
Dow Chemical	57¼	–⅜
Dow Jones	36⅛	+¼
Dravo Corp	10½	+⅛
Dresser	21⅝	—
Dreyfus Corp	41⅞	–½
Duke Power	43⅜	+½
Dun&Bradstreet	63	+⅜
Du Pont	46¼	+⅛
E G & G Corp	17¾	+⅛
E-Systems	45⅜	+⅛
Eastern Enterprises	28¾	+½
Eastman Kodak	59⅜	+⅞
Eaton Corp	48⅛	–⅜
Echlin Inc	32⅛	+1¼
Emerson Electric	59¼	+⅛
Engelhard Corp	28⅜	+¼
Enron Corp	34⅝	–1⅞
Enserch Corp	20¼	–⅛
Entergy Corp	39	...
Ethyl Corp	17⅞	—
Exxon	65⅞	+½
FMC Corp	49⅝	+⅛
FMC Gold	5⅜	—
FPL Group	39⅝	...
Fedders Corp	5	+⅛
Federal Express	65⅛	+⅛
Federal Mogul	24¾	+⅞
Fed Nat Mtge	81¾	+⅜
Federal Paper Brd	20	–⅛
Fieldcrest Cannon	28⅜	+⅛
Fina Inc A	69¾	+¼
First Bank Systems	32⅞	...
First Chicago	48⅛	–¼
First Fid Bancorp	43⅞	–1⅛
First Interstate	64⅞	–1⅛
First Mississippi	9¾	+¼
First Union Rlty	11⅝	...
Fleet Finl Grp	33⅞	+⅛
Fleetwood Enterpr	23	+¼
Fleming Cos Oklah	32¾	+⅛
Florida Progress	35½	+⅜
Fluor Corp	39	–½
Food Lion A	6⅞	–¼
Food Lion B	6½	–⅛
Ford Motor	57¾	+¼
Foster Wheeler	34¾	+⅛
Freeport McMoran	17½	–⅛
Fund American Ent	92½	+¼
GATX Corp	39⅞	...
GEICO Corp	54	–⅜
GTE Corp	38¾	+⅛
Gallagher (AJ)	35⅛	–⅛
Gannett	50⅞	+1⅜
Gap Inc Del	39	+⅛
Gencorp	16	—
Gen Am Investors	23⅝	–¼
Gen Dynamics	96⅛	+½

October 15	US$	+ or –
King World Prods	41	+1⅛
Knight-Ridder	55¼	+1½
Kroger	20⅞	—
LSI Logic	16½	+⅝
Legget & Platt	45⅞	+¼
Leucadia Natl	42¾	–½
Lilly (Eli)	53⅞	+1
Limited Inc	23⅞	+⅛
LIN Broadcasting	114	–1
Lincoln Nat	47¼xd	+⅜
Litton	64½	+1¼
Liz Claiborne	21⅝	+⅛
Lockheed Corp	65⅝	...
Loews Corp	96⅞	+2⅛
Lone Star	1.50	–.13
Long Island Light	26⅝	+⅛
Longs Drug Stores	33¼	...
Loral Corporation	29¾	–¼
Lotus Dev Corp	46⅝	–1⅛
Louisiana Land	46⅞	+½
Louisiana Pacific	31⅞	–⅛
Lowe's Co Inc	49¼	+⅛
Lubrizol	35½	–⅛
MA Comm Inc	8⅞	...
MCI Commun	29¼	–⅛
Mac Frugals Bargain	16½	+⅝
Manor Care	22	+¼
Manville Corp	8⅝	—
Mapco Inc	60⅞	...
Marion Merrell	20	+¼
Marriott Int	28⅛	+⅛
Marsh & McLennan	82⅞	+⅛
Martin Marietta	45⅛	+¼
Masco Corp	29⅞	+⅜
Massmutual Corp	30⅜	–⅛
Mattel Inc	29¼	+⅜
Maxus Energy	6¼	+⅜
May Dept St	44	+¼
Maytag Corp	15⅝	—
McCaw Cellular	56	–¾
McDermott	27⅛	–⅛
McDonalds	54¾	+⅜
McDonnell Douglas	94	+⅞
McGraw Hill	72⅛	+2
McKesson Corp	65¼	—
Mead Corp	39¾	–⅞
Medtronic	74⅝	+1⅞
Mellon Bk	56¼	–1⅛
Melville Corp	45	+½
Mentor Graphics	11⅝	–⅛
Mercantile Stores	34	–½
Merck Inc	31¼	–⅛
Meredith Corp	37⅞	+¼
Merrill Lynch	98¾	–⅝
Mesa Inc	7¾	—
Microsoft	80⅞	–1¼
Millipore	34⅞	...
Mine Safety Appl	42	...
Minnesota Mine	104¼	+⅜
Mobil Corp	82⅞	–⅜
Molex Inc	35¼	+¾
Monarch Machtool	10¼	–¼
Monsanto	68⅛	+1
Morgan (JP)	75¾	–2½
Morgan Stanley	85⅝	–2⅛
Morrison-Knudsen	25⅛	–⅛
Morton Intl	85⅞	–⅛
Motorola Inc	106	+1⅞
Multimedia Inc	39¼	+¼
Murphy Oil	47⅞	–⅛
Nacco Inds	44¼	+⅜
Nalco Chemical	31½	–¼
Nashua Corp	31¼	+2⅜
NationsBank	50⅞	–⅞
Natl City Corp	28⅛	–⅛
Natl Intergroup	14⅞	—
Natl Medical Ent	11¾	–⅛
Natl Semiconductors	17⅞	+⅝

October 15	US$	+ or –
Cooper Inds	49⅞	–⅛
Coors (Adolph)	21½	+¼
Corestates Finl	58¼	–⅜
Corning Inc.	28	–¼
Crane	28⅞	...
Cray Research	23⅝	+⅛
Crown Cork & Seal	38⅛	+⅜
Cummins Engine	80	–¼
Curtiss-Wright	32⅛	–⅛
Cypress Semicond	12⅞	—
Cyprus Minerals	24⅝	–⅜

October 15	US$	+ or –
Jefferson Pilot	52⅞	+1
Johnson Controls	54⅞	+⅝
Johnson & Johnson	41⅜	+⅜
K Mart	23¾	–¼
Kellogg	58¼	+3½
Kennametal	40	+½
Kerr-McGee	50⅞	+¾
KeyCorp	35⅝	–½
Kimberly-Clark	53½	+½

October 15	US$	+ or –
Pitney Bowes	39⅝	+1
Pittston Services	20¼	—
Polaroid	33⅞	...
Policy Mgt Sys	24⅝	+1⅞
Potlatch Corp	40⅛	...
Potomac El Pwr	28⅛	+¼
Praxair	15⅜	+¼
Premier Indl	26⅞	–⅛
Price Co	40	...
Primark Corp	13½	+⅝
Primerica	47¾	–⅞

October 15	US$	+ or –
Valero Energy	25⅝	+¼
Varian Associates	52⅛	+⅜
Varity Corp	38½	+2½
Vornado	40	...
Vulcan Materials	47⅞	–¼
WMX Tech	29½	+¼
Wachovia	38⅞	–⅛
Wainoco Oil	4.25	...
Walgreen	42	+¼

CANADA (2:45 pm)

October 15	Can.$	+ or –
Telus Corp	15¼	+⅛
Thomson Corp	16⅝	+¼
Toronto Dom Bk	21¼	+½
Trans Can Pipe	20⅞	+¼
Transalta Corp	15	—
Trimac	15¼	...
Trizec A	0.90	+.02
United Dominion	19½	+¼
Univa	7⅞	—
Westcoast Energy	22½	+⅛
Weston (George)	38¼	–¼

JAPAN

INDICES

NEW YORK

DOW JONES	Oct 14	Oct 13	Oct 12	Oct 11	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3621.63	3603.19	3593.13	3593.41	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.37	109.29	109.33	109.39	109.69 (13/9)	103.49 (11/1)	109.69 (13/9/93)	54.99 (1/10/81)
Transport	1636.04	1645.23	1637.11	1646.94	1683.06 (16/4)	1453.84 (4/1)	1683.06 (16/4/93)	12.32 (8/7/32)
Utilities	243.54	240.51	241.75	243.21	256.46 (31/8)	217.14 (8/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3652.09 (3639.34) Low 3574.40 (3574.12) (Theoretical♦)
Day's High 3626.94 (3608.22) Low 3596.44 (3588.66) (Actual♦)

STANDARD AND POOR'S

	Oct 14	Oct 13	Oct 12	Oct 11	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	466.83	461.49	461.12	460.88	466.83 (14/10)	429.05 (8/1)	466.83 (14/10/93)	4.40 (1/6/32)
Industrials¶	528.89	522.43	521.82	521.82	529.14 (14/10)	499.48 (26/4)	529.14 (14/10/93)	3.62 (21/6/32)
Financial	48.01	48.35	48.28	48.02	48.40 (28/9)	39.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	259.12	256.75	256.67	256.30	259.12 (14/10)	236.21 (8/1)	259.12 (14/10/93)	4.46 (28/4/42)
Amex Mkt. Value	481.65	475.85	470.50	467.59	481.65 (14/10)	395.84 (8/1)	481.66 (14/10/93)	29.31 (9/12/72)
NASDAQ Composite	785.41	778.87	772.46	767.85	785.41 (14/10)	645.87 (26/4)	785.41 (14/10/93)	54.87 (31/10/72)

	Oct 6	Oct 1	Sep 24	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.85	2.88	3.31

	Oct 13	Oct 6	Sep 29	year ago (approx.)
S & P Industrial div. yield	2.47	2.48	2.49	2.76
S & P Indl. P/E ratio	28.00	27.86	27.76	26.77

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Philip Morris	8,534,900	52⅞	+ ⅞
RJR Nabisco	6,873,100	5⅞	- ⅛
Chrysler	5,814,100	51¾	+ 3¼
Amer T & T	5,534,300	60⅝	+ 2⅞
Walt Disney	4,763,200	43¾	- ¼
Bell Atlantic	4,556,500	67⅞	+ 1¾
Blockbuster	4,040,100	26⅝	- ¼
Time Warner	3,449,700	48½	+ 1⅝
Coca Cola	3,245,900	44⅛	+ 2
Merck	3,238,300	31⅞	+ ⅜

TRADING ACTIVITY

† Volume (Millions)	Oct 14	Oct 13	Oct 12
New York SE	351.885	290.887	263.940
Amex	24.821	20.375	19.944
NASDAQ	(u)	415.364	316.309
NYSE			
Issues Traded	2,635	2,612	2,639
Rises	1,173	945	1,063
Falls	908	993	923
Unchanged	566	674	650
New Highs	152	143	148
New Lows	23	34	25

CANADA

TORONTO	Oct 14	Oct 13	Oct 12	Oct 11	1993 HIGH	1993 LOW
Metals & Minerals	2967.95	2941.15	2950.37	(c)	3140.94 (16/8)	2743.31 (21/1)
Composite	4145.00	4111.80	4107.31	(c)	4145.00 (14/10)	3275.80 (21/1)
MONTREAL Portfolio	1981.98	1936.78	1937.37	(c)	1983.55 (1/8)	1720.97 (21/1)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

	Oct 15	Oct 14	Oct 13	Oct 12	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	2074.1	2062.0	2038.6	2028.0	2074.10 (15/10)	1495.00 (13/1)
All Mining (1/1/80)	883.7	885.7	858.9	844.1	904.50 (2/8)	594.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	405.63	403.04	403.65	402.56	405.63 (15/10)	300.26 (14/1)
Traded Index (2/1/91)	1043.83	1033.94	1037.61	1034.53	1043.83 (15/10)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1370.86	1362.71†	1348.45	1349.38	1370.86 (15/10)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	335.78	334.12	335.29	335.05	340.58 (19/8)	281.90 (4/1)
FINLAND						
HEX General (28/12/90)	1500.5	1498.2	1491.8	1472.6	1500.50 (15/10)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	586.06	585.09	586.84	580.70	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2139.25	2113.89	2127.28	2126.95	2216.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	774.06	766.59	772.75	769.05	774.55 (11/10)	598.82 (14/1)
Commerzbank (1/12/53)	2213.7	2181.5	2210.1	2198.8	2215.00 (11/10)	1694.30 (14/1)
DAX (30/12/87)	2015.03	1990.07	2001.51	1998.67	2015.03 (15/10)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	8763.98	8412.40	8282.96	8253.45	8763.98 (15/10)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1735.84	1722.62	1729.17	1733.08	1754.84 (18/8)	1181.18 (11/1)
ITALY						
Banca Com. Ital. (1972)	577.59	568.64	568.03	579.94	632.86 (30/8)	446.33 (8/1)
MIB General (4/1/93)	1270.0	1251.0	1250.0	1276.0	1390.00 (30/8)	982.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20174.42	20082.81	20038.40	20137.31	21148.11 (13/8)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1654.01	1645.21	1645.53	1652.26	1698.67 (3/9)	1250.06 (25/1)
2nd Section (4/1/68)	2229.03	2216.84	2227.60	2244.84	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	927.46	919.03	911.38	905.71	927.46 (15/10)	614.28 (13/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	394.6	390.0	388.5	388.2	394.60 (15/10)	295.70 (4/1)
CBS All Shr (End 1983)	256.0	253.9	252.1	251.9	256.00 (15/10)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	983.98	970.24	972.07	961.95	983.98 (15/10)	669.88 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	2175.25	2138.75	2112.03	2093.83	2175.25 (15/10)	1270.66 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	553.18	542.54	537.99	536.39	553.18 (15/10)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1700.00¶	1760.0	1777.0	1695.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4529.0¶	4528.0	4538.0	4528.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	734.37	737.77	740.39	723.57	777.25 (8/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	296.73	296.74	294.83	(c)	304.86 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1381.9	1368.6	1371.9	1363.8	1381.90 (15/10)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1117.76	1105.82	1100.05	1091.00	1117.76 (15/10)	904.80 (11/1)
SBC General (1/4/87)	888.79	882.18	878.15	872.72	888.79 (15/10)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4035.27	4014.87†	3994.51	3942.25	5013.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	1154.85	1137.59	1140.80	1101.96	1154.85 (15/10)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	607.2*	602.6	602.4	604.4	607.20 (15/10)	498.80 (13/1)
Euro Top-100 (26/6/90)	1145.07	1131.01†	1126.53	1128.04	1145.07 (15/10)	862.73 (13/1)

**Saturday October 9: Taiwan Weighted Price: 3985.66, Korea Comp Ex: 712.35.
¶ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 20 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

US stocks supported by bond prices

Wall Street

For the second straight day, rising bond prices and good inflation news helped to lift US stock markets and post solid gains across the board, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 13.69 at 3,635.32. The more broadly based Standard & Poor's 500 was 3.20 higher at 470.03, while the Amex composite was up 2.20 at 483.85, and the Nasdaq composite up 3.63 at 789.04. Trading volume on the NYSE was 219m shares by 1 pm.

Following Thursday's good news on producer prices, which rose only 0.2 per cent in September, it was the turn yesterday of the consumer prices data to cheer up bond and stock markets.

The labor department reported that its consumer prices index was unchanged last month, and that "core" consumer prices (excluding the volatile food and energy components) rose by only 0.1 per cent.

Both sets of data pleased fixed-income investors, who bought government securities in large numbers in response. By early afternoon the benchmark 30-year bond was up almost a full point, and the yield down to a new low of 5.789 per cent.

The good news on inflation, and the subsequent decline in bond yields, lifted stock prices in turn. And just as on Thursday, secondary and over-the-counter stocks fared better than Dow and blue-chip issues, which remained hamstrung by concerns about the outlook for the economy.

Some positive quarterly earnings reports from leading companies also helped prices and sentiment.

Among individual stocks, technology issues were in demand.

Texas Instruments, which has been moving up and down lately in line with the fluctuating fortunes of the semiconductor stocks, jumped $3¾ to $66¾ after the company announced a big improvement in third quarter earnings to $146m.

Also higher in the sector were IBM, up $1¼ at $44, Hewlett-Packard, up $1¾ at $69¾, and Motorola, $⅞ firmer at $105¼.

Kellogg jumped $3¾ to $56½ after the foods group unveiled quarterly profits of $209m, up from $199.7m a year earlier and above analysts' forecasts.

Navistar International was the day's most heavily traded stock, rising $¾ to $22¾ in volume of 6.8m shares after the truck and diesel engine manufacturing company issued 22m new shares of its common stock at $21⅞.

On the Nasdaq market, Apple Computer climbed $4 to $27¾ in volume of 5.5m shares after the company announced a fiscal fourth quarter profit of 2 cents a share and said Mr John Sculley, its long-time chairman, was resigning. Mr Sculley's departure had been expected, but analysts had been forecasting a loss for Apple.

Canada

TORONTO was firmer at noon, with the TSE-300 composite index up 30.66 at 4,175.62.

Volume was 34.4m shares by midday.

The transport sector rebounded from Thursday's soft levels, the index rising 85.70 or 2.5 per cent to 3,482.83 by midday.

SOUTH AFRICA

GOLD shares fell steadily throughout the session and the index lost 59 or 3.4 per cent to 1,701. The industrial index added 1 to 4,529 and the overall lost 10 to 3,915.De Beers attracted buyers, closing up R3.35 or 3.9 per cent at R88.35.

Germany defies gravity in reaching for the sky

David Waller examines the reasons why equity prices have forged ahead of corporate performance

After several months of vertiginous ascent, the DAX index of 30 leading shares closed yesterday comfortably above the 2,000 level, at a new closing high of 2,015.

The natural question for investors who have been caught off guard by the German market's rise this year is – where next? Can the factors which sustained a sharp rally since the beginning of the year serve to take prices to further new all-time highs?

If the market has defied gravity this year, it has also defied logic.

Time and time again shares have maintained their momentum despite the sort of bad news and disappointments which would in other circumstances have propelled prices sharply downwards.

Public finances are in a parlous state and the German economy is in its worst recession since the second world war. GDP for the west of the country is set to shrink by 2 per cent this year.

Corporate earnings are imploding. Brokers have had to scale back their 1993 earnings forecasts by at least 20 per cent over the last six months as big companies such as Mannesmann delivered dire interim figures.

In addition, the "dribbling" pace of the Bundesbank's interest rate cuts would normally have proved disappointing for the investment community. In the early part of the year brokers calculated that rate cuts would be bigger than they were and would come more quickly than they did: but this too has been ignored amid the all-pervasive euphoria.

The arguments used to explain the market's logic-defying performance are as follows.

Interest rates will continue to fall: no matter how slowly this will be positive for the German economy on a medium-term view. Combined with this, companies are reacting to the recession by cutting costs to make themselves more competitive than ever before.

An obvious example of industrial restructuring is Daimler-Benz's reduction of its workforce by 60,000 in 1992-94 as part of a wholesale reorientation of its manufacturing strategy. This pattern is being repeated across whole swathes of German industry.

Source: FT Graphite

"This is the sharpest cost-cutting period in the post-war era," Deutsche Bank's Düsseldorf-based Institutional Investors Team commented in a recent market note. "This adds to unemployment...but corporate Germany gets healthier and more profitable if demand picks up even slightly".

In financial terms, this means a revival in corporate earnings next year, even if the recovery in the German economy proves to be slow and sales stagnate. Mr Tom Holmes, head of the research arm of Schröder Münchmeyer Hengst in Frankfurt, calculates that aggregate earnings for the German stock market will climb by 39 per cent next year. This is the first such rise in five years.

What matters to investors is the relationship of earnings to share prices, not the scale of the rise in profits in isolation. The prospective price/earnings multiple for next year is nearly 20. This is high by historical standards: so high, according to Mr Jürgen Röthig of Barclays de Zoete Wedd in Frankfurt "that you have to start thinking beyond 1995 to justify the current price earnings ratio".

In other words, it will not be next year, nor perhaps even the year after, before corporate performance starts to catch up with current share prices.

This has been ignored by investors, especially the non-German investors who drive the market in German shares at the margin. According to recent figures from the Bundesbank US investors alone have invested a net DM3bn in German shares in the first and second quarters of the year. Dietrich Gräff at Commerzbank in Frankfurt calculates that foreigners have invested a total of DM11bn in German equities in the first nine months of the year.

It is this "weight-of-money" which has driven the German market to date this year. Conscious that many foreign and domestic institutions are still underweight in German equities, analysts believe that liquidity will continue to flow into German shares despite fanciful valuations, helping to underpin current prices and drive the DAX to new highs.

Mr Röthig believes that this leaves the market vulnerable to sudden, unexpected shocks – not in the sense of political instability in eastern Europe (the German market proved indifferent to the coup attempt in Moscow earlier this month) but developments in the domestic political and economic arena. Elections are looming – perhaps the German government will attempt to prime the German economy with public expenditure projects. The impact on inflation and hence interest rates could be dire, he says.

He is advising clients to invest in stocks where valuations are secure should there be a reversal, for example in the big banks.

Other analysts say that the bull run in large company shares, the favourites with foreign investors, will now give way to outperformance among small-capitalisation stocks.

For those scared off by current valuations, Mr Gräff at Commerzbank warns that undue caution can be dangerous. "This year we all made the mistake of under-estimating the market's upward potential," he says.

EUROPE

Continental bourses look towards interest rate cuts

THE possibility of a further round of European interest rate cuts stimulated activity yesterday, but opinion was divided as to whether governments and central banks would bow to the pressure, *writes Our Markets Staff.*

PARIS took its cue from the bond market which stuck to the view that the French government had to lower interest rates. This interpretation was not followed by all equity analysts yesterday, some of whom believed that the government would continue to defend the franc in the currency markets.

The CAC 40 index closed up 25.38 at 2,139.26, a week's loss of 0.8 per cent. Turnover was FFr4.6bn.

LVMH regained some of the ground it had lost in recent days as various rumours circulated: the shares added FFr117 to FFr3,735. Cap Gemini firmed FFr10.60 to FFr198.90 in spite of reporting first half losses and a gloomy earnings forecast.

BRUSSELS swept to a new record close as further speculation against the domestic currency prompted hopes of a cut in interest rates.

The Bel-20 index put on 8.15 to 1,370.86, a week's gain of 1.7 per cent.

ZURICH rose to its sixth consecutive record close with a continuing firm dollar and easier interest rates pushing prices higher in active trading. The SMI index added 26.2 to 2,612.6, after an intraday high of 2,624.6, for a 3.1 per cent rise on the week.

Nestlé, the most active stock added SFr11 to SFr1,153 as Mr Ronald Morrow of Smith Barney Shearson in New York cut his rating on the stock to neural from outperform due to the stock price which had aggressively outperformed the rest of the sector this year.

FT-SE Actuaries Share Indices

October 15								THE EUROPEAN SERIES
Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE Eurotrack 100	1322.44	1323.22	1324.27	1326.62	1327.99	1330.17	1329.55	1330.52
FT-SE Eurotrack 200	1400.61	1400.35	1401.19	1404.96	1406.09	1408.90	1408.13	1407.10

	Oct 14	Oct 13	Oct 12	Oct 11	Oct 8
FT-SE Eurotrack 100	1315.57	1317.05	1315.91	1319.96	1321.16
FT-SE Eurotrack 200	1391.70	1391.36	1393.81	1401.02	1405.46

Base value 1000 (26/10/90) High/day: 100 - 1330.90; 200 - 1408.69 Low/day: 100 - 1322.43 200 - 1399.13.

Sandoz rose strongly on Thursday's announcement that turnover rose 4 per cent in the first nine months. Registered shares gained SFr100 to SFr3,400.

Among the smaller issues, Surveillance lost SFr83 to SFr1,757 as the company said net profit in the first eight months of the year was slightly below last year's level.

MILAN turned higher after a week of reverses as buying was sparked by the first day of Fiat's rights issue, the largest ever on the market. The Comit index rose 6.95 or 1.6 per cent to 577.59, but was still 2.2 per cent lower on the week.

Buyers were out in force for Fiat shares and rights, the shares rising L177 to L3,828 in heavy volume of 11.6m. Rinascente added L239 to L9,689.

Mediobanca shed L215 to L15,400 amid media reports that the merchant bank might freeze plans to raise new capital because Credito Italiano and BCI, two of its large shareholders, were doubtful about underwriting the call.

Montedison fell L10 to L800 after a day's low of L760 following Thursday's announcement of a rights issue. Trading in Ferruzzi was halted when the shares were bid at less than half Thursday's closing price, after the regrouping of 200 old shares for one new.

AMSTERDAM was driven higher partly by options trading and strong foreign interest. The CBS Tendency index added 1.4 to 130.8, a week's gain of 2.2 per cent.

Unilever maintained its rally which began earlier this week, the stock rising Fl 4.00 to FL 211.90. Commentators noted that buyers coming into the market were looking for laggards and Unilever has been a notable underperformer.

STOCKHOLM advanced to a record close on renewed demand for Ericsson stock. The Affärsvärlden general index added 13.10 to 1,381.90, up 2.6 per cent over the week, as Ericsson B's rose SKr8 to SKr470.

ISTANBUL recovered some of Thursday's losses and the composite index added 139.3 to 15,194.1. Since last week the index has slipped 1.6 per cent. Turnover was TL1,100bn.

Carnegie International's Turkish analysts in London noted that with daily volumes some 50 per cent off September peaks the impression is that the market will not be lured back to higher ground until it has seen whether the privatisation programme will actually start to produce results.

Written and edited by John Pitt and Michael Morgan.

ASIA PACIFIC

Hong Kong adds a further 4.2 per cent

Tokyo

ACTIVE buying by life assurers and arbitrageurs bolstered trading as large capital issues firmed along with Nippon Telegraph and Telephone, which rose to its highest level in one month, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 91.61 to 20,174.42 after a low of 20,097.01 in the morning and a high of 20,338.83 during the afternoon. The average has lost 1 per cent on the week.

Volume rose to 341.4m shares against 258m. Advances led declines by 615 to 368, with 182 issues unchanged. The Topix index of all first section stocks gained 3.80 to 1,654.01 and, in London, the ISE/Nikkei 50 index rose 2.85 to 1,285.35.

Telecommunications issues led the rise with NTT up Y32,000 to Y906,000 and KDD, the international telecom company, rising Y400 to Y13,100. DDI, a long distance telecom company listed on the second section, gained Y320,000 to a record Y6.78m.

Video game makers, which were previously sold on expectations of lower profits, were sought by bargain hunters. Nintendo rose Y100 to Y8,120, Konami gained Y170 to Y4,020 and Namco Y110 to Y3,060.

Retailers, which announced falls in profits earlier this week, lost ground. Daiei fell Y40 to Y1,390 and Seiyu lost Y30 to Y1,450.

In Osaka, the OSE average rose 186.72 to 22,327.91 in volume of 23.6m shares.

Roundup

THE region maintained its record breaking ways yesterday.

Bombay remained closed for the third day as brokers maintained their strike action in an attempt to force the government to resolve an impasse over stocks seized by the tax authorities in connection with an investigation into a securities scandal.

HONG KONG continued on its roll with a wall of foreign and local money, and an absence of investors wanting to sell, propelling the market a further 4.2 per cent higher to a 10th consecutive record close.

The Hang Seng index added 351.58 to 8,763.98, after a day's peak of 8,777.14, in turnover up to HK$9.09bn from HK$6.45bn. The market has risen 8.6 per cent over the week and 17.6 per cent since the rally began on September 28.

Investors welcomed news that Britain was prepared to treat reforms for local elections next year and for legislative polls in 1995 separately in talks with China. This was viewed as a concession by Britain that could lead to a breakthrough in the talks.

SINGAPORE was encouraged by funds coming into the market ahead of next month's listing of Singapore Telecom. The Straits Times Industrial index rose 35.00 to 2,112.95, its fifth consecutive gain, and a 4 per cent rise on the week.

Singapore Telecom's listing on November 1 is expected to add between S$30bn to S$40bn to the market's capitalisation of some S$140bn.

KUALA LUMPUR's composite index saw another new closing high, up 8.43 at 927.46, but off an intraday record of 937.70, for a week's gain of 5 per cent.

NEW ZEALAND turned back from a four-year intraday high, in line with a slowing of demand for Telecom, which has been driving the market. The NZSE-40 Capital index finished 12.33 ahead at 2,072.55, after a peak of 2,083.98, for a 2.8 per cent rise on the week.

TAIWAN edged higher on late bargain-hunting after early losses triggered by news that parliament had rejected a motion to cut the stock transaction tax on Thursday.

The composite index, which opened 33 points down, ended 10.4 higher at 4,025.27, 4.2 per cent higher on the week.

MANILA saw foreign demand push prices higher for the fifth consecutive day, the market index rising 30.50 to a record 2,175.25, 9.7 per cent up on the week.

AUSTRALIAN industrials led the market higher and the All Ordinaries index gained 12.1 to 2,074.1, for a 2.4 per cent rise on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 14 1993								WEDNESDAY OCTOBER 13 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	154.45	+1.4	151.35	104.91	129.61	154.61	+1.1	3.34	152.39	148.39	102.10	127.04	152.97	154.45	117.39	121.53
Austria (17)	180.05	−0.7	176.43	122.30	151.09	150.57	−0.3	1.05	181.41	176.66	121.56	151.24	151.00	182.28	131.16	154.77
Belgium (42)	152.12	−0.3	149.06	103.31	127.64	132.99	+0.7	4.33	152.61	148.61	102.25	127.22	132.10	158.78	131.19	141.77
Canada (107)	128.07	+1.4	125.49	86.98	107.46	123.06	+1.3	2.75	126.28	122.97	84.61	105.27	121.48	130.38	111.41	112.97
Denmark (32)	234.58	−1.1	229.86	159.33	196.84	209.21	−0.4	1.08	237.20	230.98	158.94	197.74	210.10	239.12	185.11	198.46
Finland (23)	120.05	−0.4	117.63	81.54	100.73	144.46	+0.4	0.72	120.51	117.35	80.75	100.47	143.83	120.51	65.50	58.88
France (97)	167.95	−1.2	164.57	114.06	140.91	150.10	−0.6	3.07	170.04	165.58	113.93	141.74	150.97	173.05	142.72	149.20
Germany (60)	134.24	−1.1	131.54	91.19	112.64	112.64	−0.5	1.88	135.76	132.21	90.98	113.18	113.18	136.13	101.59	110.33
Hong Kong (55)	333.35	+1.1	326.65	226.41	279.73	330.65	+1.1	3.14	329.64	321.00	220.87	274.82	327.04	333.35	218.82	245.32
Ireland (14)	171.40	−0.7	167.96	116.42	143.82	166.27	−0.2	3.37	172.64	168.12	115.68	143.92	166.67	174.50	129.28	136.26
Italy (70)	69.90	−0.5	68.49	47.47	58.65	83.00	−0.1	1.95	70.25	68.40	47.07	58.56	83.07	78.93	53.78	56.75
Japan (469)	152.51	−1.4	149.44	103.58	127.99	103.58	+0.0	0.80	154.61	150.56	103.59	128.91	103.59	165.91	100.75	110.24
Malaysia (69)	451.67	+0.0	442.59	306.77	378.99	442.45	+0.0	1.57	451.79	439.95	302.71	376.63	442.57	451.79	251.68	251.19
Mexico (19)	1761.32	+2.2	1725.92	1196.31	1477.95	5990.97	+2.1	0.82	1724.18	1678.98	1155.27	1437.37	5869.33	1771.56	1410.30	1319.35
Netherland (24)	191.95	−0.3	188.09	130.37	161.07	159.01	+0.3	3.44	192.54	187.50	129.01	160.52	158.49	193.33	150.39	162.57
New Zealand (13)	64.12	+1.1	62.83	43.55	53.80	61.61	+1.0	3.60	63.44	61.78	42.51	52.89	60.97	64.12	40.56	39.61
Norway (23)	179.80	−1.0	176.19	122.13	150.88	173.09	−0.3	1.47	181.82	176.86	121.70	151.41	173.61	181.62	137.71	136.76
Singapore (38)	321.45	+0.8	314.99	218.34	269.73	232.42	+0.8	1.45	319.02	310.66	213.76	265.95	230.52	321.45	207.04	184.80
South Africa (60)	216.74	+0.3	212.38	147.21	181.87	197.31	−0.3	2.66	216.19	210.52	144.85	180.22	197.87	216.74	144.72	151.70
Spain (42)	143.15	+0.5	140.28	97.23	120.12	141.74	+0.7	4.12	142.40	138.67	95.42	118.71	140.73	143.15	115.23	112.70
Sweden (36)	202.51	−0.4	198.44	137.55	169.93	237.61	−0.3	1.42	203.29	197.98	138.22	168.48	238.43	203.29	149.70	154.57
Switzerland (50)	145.75	−0.7	142.82	99.00	122.32	128.59	+0.5	1.69	146.82	142.97	98.38	122.42	127.98	146.82	108.91	116.05
United Kingdom (218)	189.56	−0.5	185.75	128.74	159.05	185.75	+0.1	3.85	190.53	185.53	127.65	158.82	185.53	193.97	162.00	171.17
USA (519)	190.59	+1.1	186.76	129.46	159.93	190.59	+1.1	2.69	188.49	183.55	126.30	157.14	188.49	190.59	175.38	167.29
Europe (748)	160.59	−0.7	157.36	109.07	134.76	149.86	+0.0	3.01	161.66	157.42	108.32	134.77	149.88	162.97	133.92	138.06
Nordic (114)	189.93	−0.6	186.11	129.00	159.37	194.17	−0.2	1.26	191.05	186.04	128.01	159.27	194.59	191.05	142.13	144.49
Pacific Basin (713)	159.22	−1.1	156.01	108.14	133.60	112.37	+0.1	1.07	160.91	156.69	107.82	134.15	112.25	168.80	105.89	114.59
Euro-Pacific (1461)	159.67	−0.9	156.46	108.44	133.96	127.56	+0.1	1.87	161.11	156.89	107.94	134.30	127.48	162.86	117.26	124.09
North America (626)	188.70	+1.1	182.95	126.83	156.69	185.99	+1.1	2.70	184.62	179.78	123.72	153.94	183.92	186.70	171.51	163.91
Europe Ex. UK (530)	141.81	−0.8	138.96	96.34	119.02	128.81	−0.1	2.47	142.90	139.16	95.77	119.16	128.93	143.56	112.51	118.01
Pacific Ex. Japan (244)	224.54	+1.0	220.02	152.53	188.43	207.71	+0.9	2.80	222.40	216.57	149.04	185.43	205.91	224.54	152.70	157.21
World Ex. US (1647)	160.22	−0.8	157.00	108.83	134.45	129.66	+0.1	1.90	161.48	157.25	108.21	134.63	129.53	162.89	118.51	124.70
World Ex. UK (1948)	167.38	+0.0	164.01	113.69	140.46	144.84	+0.5	2.02	167.43	163.04	112.19	139.59	144.09	168.50	134.22	134.98
World Ex. So. Af. (2106)	169.12	−0.1	165.72	114.88	141.82	148.10	+0.5	2.19	169.25	164.82	113.42	141.11	147.38	170.43	137.29	138.13
World Ex. Japan (1697)	180.16	+0.5	176.54	122.38	151.20	174.27	+0.7	2.79	179.29	174.59	120.15	149.49	173.06	180.16	157.47	154.19
The World Index (2166)	169.33	−0.1	165.93	115.02	142.10	148.55	+0.5	2.20	169.47	165.02	113.55	141.29	147.84	170.42	137.32	138.12

Amendments to indices for 14/10/93 applied to South Africa, related regional indices and The World Index. Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 13¼pc 1993‡‡	100¼	−1/32	106⅛	100¼	12.65	5.84
8½pc 1994	100⅞	—	102⅛	100⅞	8.43	5.49
14½pc 1994‡‡	103⅜	−1/32	109¾	103⅜	14.03	5.36
Exch 13½pc 1994	104⅛xd	—	109⅛	104⅛	12.95	5.33
Treas 10pc Ln 1994‡‡	102⅞	—	105¾	102⅞	9.72	5.41
Exch 12½pc 1994	105¼	—	110⅛	105¼	11.81	5.38
Treas 9pc 1994‡‡	103¼xd	+1/32	106⅝	103⅜	8.67	5.34
12pc 1995	107¾	+1/16	111⅝	107⅞	11.12	5.35
Exch 3pc Gas 90–95	97¼xd	—	97¼	94	3.07	4.58
10¼pc 1995	107¾	+1/32	109⅞	107⅛	9.51	5.47
Treas 12¾pc 1995‡‡	113⅞xd	—	116⅞	113⅛	11.29	5.58
14pc 1996	117⅜	+1/32	120⅞	117⅛	11.94	5.68
15¼pc 1996‡‡	122⅛xd	+1/16	126⅝	121⅝	12.49	5.77
Exch 13¼pc 1996‡‡	117⅝xd	+1/16	120⅛	115¼	11.26	5.78
Conversion 10pc 1996	111¼xd	+⅛	112⅛	108⅞	8.98	5.88
Treas 13¼pc 1997‡‡	120⅝	+⅛	122⅛	118½	10.66	6.05
Exch 10½pc 1997	113⅛	+3/16	114⅛	110⅛	9.27	6.01
Treas 8¾pc 1997‡‡	108⅛	+⅛	109⅛	105½	8.02	6.05
Exch 15pc 1997	130⅜xd	+⅛	132¾	127⅝	11.59	6.30
9¾pc 1998	112⅝	+⅛	112⅝	109⅛	8.65	6.25
Treas 7¼pc 1998‡‡	104⅛	+⅛	104⅛	99⅛	6.96	6.15
7¼pc 1998 B‡‡	104⅛	+⅛	104⅛	101⅜	6.97	6.16
Treas 6¾pc 1995–98‡‡	101⅜xd	+⅛	101⅜	97⅛	6.68	5.77
14pc '98–1	128⅜	+⅛	128½	125⅛	10.87	6.60
Five to Fifteen Years						
Treas 15½pc '98‡‡	137⅝	+½	138⅝	133⅜	11.25	6.45
Exch 12pc 1998	123⅛xd	+⅛	123⅝	118⅜	9.73	6.54
Treas 9½pc 1999‡‡	113⅛	+⅛	113⅛	108⅛	8.39	6.44
Exch 12¼pc 1999	125⅛	+⅛	125⅜	120⅛	9.78	6.62
Treas 10½pc 1999	118⅛xd	+⅛	118⅜	112⅜	8.89	6.65
Conversion 10¼pc 1999	117⅜	+⅛	118⅜	112⅛	8.80	6.58
9pc 2000‡‡	112⅝	+⅛	113	108	7.98	6.53
Treas 13pc 2000	132⅝	+⅛	133⅛	125⅛	9.80	6.83
10pc 2001	118⅛	+⅛	118⅝	109⅝	8.46	6.79
7pc '01 ‡‡	102	+⅛	102	97⅝	6.86	6.66
9¾pc 2002	118⅝	+⅛	119⅛	108⅜	8.23	6.90
8pc 2003‡‡	108⅛	+⅛	108⅛	97⅛	7.39	6.80
8pc 2003 A‡‡	108⅛	+⅛	108⅝	102⅜	7.39	6.81

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
10pc 2003	121⅝	+¼	122⅛	109⅜	8.24	6.96
Treas 11½pc 2001–4	126⅛	+⅛	128	116⅞	9.18	7.07
Treas 6¾pc 2004	49	+⅛	49⅛	47¾	6.82	6.87
Funding 3½pc '99–4	80⅝	+⅛	81⅛	67⅝	4.33	5.94
Conversion 9½pc 2004	118⅛xd	+⅛	119⅛	105⅞	8.00	7.02
9½pc 2005	119⅛xd	+⅛	119⅝	105⅝	7.98	7.05
Treas 12½pc 2003–5	136⅝xd	+⅛	137¼	124⅛	9.13	7.28
7¾pc 2006‡‡	105⅝	+⅛	106⅛	94⅛	7.34	7.07
8pc 2002–6‡‡	106¼	+⅛	107	94⅛	7.53	7.06
Treas 11¾pc 2003–7	129⅛	+⅛	130⅛	118⅛	9.04	7.23
Treas 8½pc 2007 ‡‡	111⅝	+⅛	112⅛	97⅛	7.60	7.13
8½pc 2007 C (£50)‡‡	83⅛	+⅛	83⅛	59⅞	7.61	7.14
13½pc '04–8	144⅝	+⅛	145⅝	131⅛	9.31	7.27
Over Fifteen Years						
Treas 9pc 2008 ‡‡	118⅛xd	+⅛	117⅞	101¼	7.71	7.16
8pc 2009	107⅝	+⅛	108⅛	92⅛	7.42	7.19
Conv 9pc Ln 2011 ‡‡	117¼	+⅛	118⅛	100½	7.84	7.20
9pc 2011 D (£50) ‡‡	50⅝	+⅛	51⅛	49⅞	8.92	7.21
Treas 9pc 2012‡‡	118⅛	+⅛	118⅝	100⅛	7.80	7.20
Treas 5½pc 2008–12‡‡	86⅝	+⅛	87½	70¼	6.34	6.75
Treas 8pc 2013‡‡	108⅛	+⅛	109⅛	95⅛	7.37	7.16
7¾pc 2012–15‡‡	106⅞	+½	107	89⅜	7.25	7.11
Treas 8¾pc 2017‡‡	117¾	+⅛	118⅛	97⅛	7.43	7.18
Exch 12pc '13–'17	148⅝	+⅛	148⅝	125⅝	8.08	7.34
Undated						
Consols 4pc	53⅝	—	54⅛	43⅝	7.46	-
War Loan 3½pc‡‡	48½	−1/16	48⅝	38⅜	7.22	-
Conv 3½pc '61 Aft	66¼	—	67⅝	60⅞	5.29	-
Treas 3pc '66 Aft	39⅝	−½	40⅛	33½	7.57	-
Consols 2½pc	34⅛	−⅛	35⅛	28⅛	7.19	-
Treas. 2½pc	33⅝	+⅛	34⅛	27⅝	7.41	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	135⅝xd	+⅛	135⅝	131⅛	-	-
2pc '96 (67.9)	202	+⅛	202	194⅛	1.23	2.19
4⅝pc '98‡‡ (135.6)	111⅛xd	+⅛	111⅛	105⅛	1.75	2.43
2½pc '01 (78.3)	170⅛	+⅛	170⅛	159	2.58	2.97
2½pc '03 (78.8)	167⅛xd	+⅛	167⅛	155	2.72	3.05
4⅜pc '04‡‡ (135.6)	114⅛xd	+⅛	114⅝	105½	2.75	3.06
2pc '06 (69.5)	177⅛	+⅛	177⅛	159¼	2.75	3.00
2½pc '09 (78.8)	161⅝xd	+⅛	161⅝	144	2.91	3.12
2½pc '11 (74.6)	168⅛	+⅛	169⅛	148⅜	2.93	3.13
2½pc '13 (89.2)	139⅝	+⅛	139⅝	122⅜	2.97	3.15
2½pc '16 (81.6)	150⅛	+⅛	150⅝	130⅝	3.00	3.17
2½pc '20 (83.0)	145⅝xd	+⅛	146⅛	124⅝	3.04	3.18
2½pc '24‡‡ (97.7)	122⅛	+⅛	122⅛	102⅝	3.03	3.16
4⅛pc '30‡‡ (135.1)	122⅜	+⅛	123⅛	103¼	3.05	3.18

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1993: 139.8 and for September 1993: 141.9.

OTHER FIXED INTEREST

Notes	Price £	+ or −	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	133⅛	+⅛	135	115⅞	8.32	7.49
Asian Dev 10¼pc 2009	125⅛	+⅛	126⅛	108⅛	8.17	7.45
B'ham 11½pc 2012	131¼	—	131¼	114	8.76	8.26
Ireland Cap 8½pc '10	109¼	—	120	95	7.78	-
9pc Cap 1996	102½	—	116	97½	8.78	-
13pc '97–2	116	—	130	110	11.21	-
Hydro Quebec 15pc 2011	160⅛	−¼	162⅛	139⅛	9.32	8.33
Leeds 13½pc 2006	142¼	—	142⅛	128	9.49	8.31
Liverpool 3½pc Irred	41	—	41½	34	8.54	-
LCC 3pc '20 Aft	37	—	37½	30½	8.11	-
Manchester 11½pc 2007	127	—	129¼	114	9.08	8.25
Met. Wtr. 3pc 'B'	73¼	—	73½	63¼	4.10	6.88
N'wide Anglia 3⅞pc 2021	141	—	141	117½	-	4.04
4⅛pc IL 2024	137	—	137	115½	-	3.98
Utd Mex States 16½pc 2008	148¼	—	148¼	132¼	11.13	-

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17⅝xd	—	20¼	15⅞	15,612	2.5
Allegheny & W	♥	545½p	-23½	722p	389p	312.6	3.7
Amdahl		310p	+14½	591p	294p	348.1	1.1
Amer Cyanamid		38⅛	+1⅛	38⅝	31¼	3,425	3.1
Amer Express		23¼xd	+⅛	28⅞	14⅞	11,429	2.8
Amer T & T		40⅛xd	+2¼	43⅛	33⅛	54,071	2.2
Ameritech		57⅜	+2¾	58¼	46	25,285	4.3
Anheuser-Busch		31⅞	+⅞	41¼	29⅛	8,666	3.1
BankAmerica		29⅞xd	+⅛	38⅛	27⅛	10,621	3.1
Bankers NY		54⅛xd	-⅛	54¾	42⅞	4,487	3.8
Bell Atlantic		44⅞	+1½	44¾	32¼	19,454	4.0
BellSouth		40	+2⅜	41	32⅞	19,760	4.6
Bethlehem Steel	♥	9⅞xd	+⅛	13¾	8½	854.2	—
Bowater		1268pxd	+18	1682p	1189p	468.7	3.2
CPC		31¼xd	+1⅜	34⅝	26	4,779	2.7
California Engy		1160p	+18	1470p	1086p	212.3	-
Chase Manhattan		24⅛xd	-⅛	24⅝	17⅞	3,766	3.3
Chrysler		34¼xd	+2⅞	34¼	21¼	10,829	1.2
Citicorp		25½xd	-⅛	26	13⅞	9,321	—
Colgate-Palm		37⅜xd	+1⅞	45⅝	32	6,057	2.6
Cont'l Bank		1853p	-2	1877p	1278p	1,672	2.2
Dana		37⅝xd	-⅛	38⅝	29⅜	1,727	2.9
Data General		682p	+22	961p	527p	162.7	—
Decora Inds	♥	101½p	—	148p	101½p	—	-
Dun & Brad		41⅞	+½	42⅛	37⅛	7,377	4.0
Eaton		32¼	+⅛	34	25⅜	2,243	2.5
Echlin		20⅞xd	+⅜	21⅞	18⅛	1,181	2.3
FPL		26⅛xd	+⅛	27⅞	23¼	4,767	6.3
Ford Motor		36xd	+1¾	38	25⅞	18,596	2.8
Gen Elect		63¼xd	+⅜	67⅞	53⅛	54,445	2.6
General Host	♥	537½p	+10	723p	456p	—	4.2
Gillette		39⅝xd	+⅜	42⅝	31⅞	8,733	1.4
Hasbro		20⅞	—	20⅝	20⅞	1,819	0.8
Honeywell		22⅞xd	-⅜	26½	20⅜	4,743	2.6
Houston Inds		31⅛	+1½	33⅛	28¼	4,047	6.4
Ingersoll-Rand		23⅞xd	-⅞	25⅜	19⅞	2,473	2.0
Lockheed		43⅛	+1⅛	45⅞	35⅛	2,689	3.3
Lowe's		3251p	+9	3251p	1573p	2,371	0.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by BZW Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Diamond and Platinum

Central African

Finance

Australian

Tins

Miscellaneous

Europa Minls.........NL□	34	....	42	15	18.4	-
Glencar Expl IE..........‡‡	11	..	12	6	2.03	-
Greenwich Res........♣□	16¼	.....	22¼	5	11.9	-
Hemlo Gold C$........	£8¼	-⅛	£8⅜	£3½	604.8	1.6
Ivernia West IE.....‡‡□	39	....	57	31	19.8	-
Kells Minls IE..........‡‡	12	....	14	6	0.29	-
Kenmare.............♣□	8½	....	13½	6	8.51	-
Mellaga Res..........	8	....	25½	7½	0.88	-
Navan Res IE.........♣	89	....	102	35	16.8	-
5pc Ln Notes........	94⅝	....	96¼	25	17.8	-
Oryx Gold..............	73⅝	....	76⅞	47	-	-
‡‡Ovoca Res IE..........	8	....	8	3½	0.86	-
RTZ..................♣†NL□	680	-5	746	607	7,015	4.0

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. *Dividends and Dividend covers are published on Monday.*

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated *Net Asset Values* (NAVs) are shown for *Investment Trusts*, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. *The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.*

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ≠ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT3973. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FINANCIAL TIMES
Weekend October 16/October 17 1993

Moscow is accused of targeting ethnic groups

By Gillian Tett in Moscow

THE RUSSIAN government has carried out "widespread" human rights violations and used its emergency powers to conduct a campaign against ethnic minorities in Moscow, according to an international human rights organisation.

Speaking in Moscow, representatives of the Helsinki Watch group said thousands were detained during the past 10 days. Many had been beaten.

About 17,000 "immigrants", 90 per cent of them from Armenia, Azerbaijan and Georgia, have been driven out in what the city's authorities claim is an attempt to defeat crime.

In an ironic throwback to pre-perestroika days, 7,000 people were forcibly detained and expelled under emergency powers which allow the police to expel anyone without a legal "residence permit".

Another 10,000, the police say, have left "voluntarily", fearing they would be caught by random police searches and police appeals to Moscow's citizens to report on illegal immigrants.

Mr Yuri Luzhkov, mayor of Moscow, indicated the authorities were preparing to extend some controls by introducing a new "visa regime" to replace the state of emergency, intended to be lifted on Monday.

He said the moves had the full backing of Russian president Boris Yeltsin, and welcomed them as a chance for Russian traders, selling cabbage, to replace Caucasian traders with their "exotic fruits". Moscow's markets have been left half empty as traders from the Caucuses fled.

Polls show the drive against ethnic minorities has been highly popular with Russians, who blame the Caucasians for rising crime.

Galina Odinokova, spokeswoman for the the Russian police's state of emergency operations, said: "These people are criminals. They have been controlling our city. It's not just fruit they deal in, but guns, drugs and cars."

However, human rights groups and the Georgian, Azerbaijani and Armenian embassies yesterday insisted that most of those expelled had been political refugees or honest businessmen.

New exchange controls, Page 2

Fraud squad investigates former ODA procurement agent

By Jimmy Burns, Stewart Dalby and Chris Tighe

FRAUD SQUAD detectives are investigating the suspected misappropriation of Overseas Development Administration funds by one of the ODA's former procurement agents, it emerged last night.

The ODA, which is a wing of the Foreign and Commonwealth Office, last night named the procurement agent as Hundhill Ltd, based in Keighley, West Yorkshire, and said it had ordered the investigation in May.

A spokesman for West Yorkshire police fraud squad last night confirmed that his department was investigating the company although the investigation remained at an early stage.

Police have a made a preliminary accessment of the funds involved, which they estimate at running into "hundreds of thousands of pounds".

Hundhill Ltd, which ceased trading in May, is a subsidiary of the Hundhill Group, which has offices at a separate address in Pontefract. The group is not under police investigation.

Mr Donald Schofield, managing director of Hundhill Group, said last night he had no knowledge of the fraud investigation.

The ODA manages Britain's aid programme to developing countries. It selects procurement agents to supply the client in the third world with material ranging from school text books to heavy engineering equipment which the agents have purchased from other companies on behalf of the department. They effectively act as the official middlemen in the overseas aid package which runs at over £1.8bn a year.

Hundhill Ltd was one of two private companies picked by the ODA on the basis of its supposed "cost-effectiveness" when the government put out the department's procurement programme to competitive tender in the late 1980s.

According to ODA officials, the company was involved in providing "a wide range of materials" required by developing countries from September 1987 to May 1993. Hundhill Ltd is now in receivership according to company records. The company describes its principal activities as "exporters of scientific teaching equipment and related sundries".

Bock defends appointment of non-executive Lonrho directors

By Roland Rudd and Robert Peston

MR DIETER BOCK, joint chief executive with Mr Tiny Rowland of Lonrho, is expected to tell a board meeting on Tuesday that the appointment of two non-executive directors he has nominated is "non-negotiable".

He has told some directors of the international trading conglomerate that if they block the appointments he is prepared to call an extraordinary general meeting and put the issue to shareholders. Last week the board delayed the appointments after pressure from Mr Rowland.

However, Mr Bock hopes the board will vote in favour of the proposal that Mr Peter Harper, a Hanson director, and Mr Stephen Walls, chairman of Albert Fisher, the food group, should become Lonrho's first non-executive directors for two decades.

Mr Rowland has been opposed to non-executives since 1973 when the so-called "straight eight" directors, led by Sir Basil Smallpeice, then deputy chairman, tried unsuccessfully to remove him as chief executive at an extraordinary general meeting.

Two decades later, Mr Bock is prepared to use the same forum to put his case direct to shareholders if he feels there is no alternative.

The appointment of Mr Harper and Mr Walls would tip the balance on the board irreversibly in favour of Mr Bock. Mr Bock is expected to use this influence to recruit further non-executives. In the longer term, he is expected to seek to reduce the 12 full-time executives on the board by as much as half.

Mr Bock, who bought 18.8 per cent of Lonrho's shares at the start of the year and then became joint chief executive, had hoped a board meeting last week would ratify their appointment.

However, the decision was postponed as a result of pressure from Mr Rowland.

It is understood a Lonrho director suggested the board should appoint one of the non-executives proposed by Mr Bock and another chosen by Mr Rowland. However, Mr Bock has rejected this after several of Lonrho's institutional shareholders opposed the plan.

Lonrho's leading institutional investors support the appointment of Mr Harper and Mr Walls.

BR expects to face fresh cuts in funding

Continued from Page 1

secretary, and Mr Roger Freeman, transport minister, are holding meetings with Tory MPs concerned that BR should be able to bid against the private sector for franchises to operate passenger services.

A Lords amendment proposing this was carried in July in spite of being opposed by the government. Mr MacGregor must now decide whether to reject the amendment when the rail privatisation bill returns to the Commons within the next month, risking a demoralising defeat if enough Tory backbenchers defy the government whips by voting with the opposition.

Earlier this week, the government used a Lords debate on the bill to introduce a separate amendment in what appeared to be an attempt to stave off the threatened Commons rebellion.

The amendment makes it a duty for the government to promote management buyouts of franchises by BR staff.

It was agreed to without a vote in spite of Labour warnings it could contravene European Community competition rules.

Investors shy away as Romanian pyramid plan falters

Continued from Page 1

between Lei20,000 and Lei160,000 (US$21 to $168). Three months later Caritas, while collecting from depositors and taking a 10 per cent commission, pays out eight times the investment.

Little is known about Mr Stoica, except that he is a former bookkeeper from the Transylvanian town of Brasov, has an economics degree, and is believed to have worked abroad. He has made millions of dollars from the scheme, paying the equivalent of $30m in taxes between April and August of this year alone. Recently, he opened a glitzy grocery in Cluj and is talking of starting a chain of supermarkets and a bank.

As for Cluj itself, Caritas has brought a boom. "Whatever Stoica's secret, it's worked for us," says one shopkeeper.

Property prices have rocketed fivefold, making a studio apartment at least as costly as in the capital, Bucharest. According to local officials, there has also been a marked increase in crime and a falling-off in the desire to work.

One reason for Caritas's success compared with other failed pyramid schemes is the backing of Mr Funar. He encourages Romanians to follow him in putting money into the scheme, saying it is "a legal and clean affair".

Most in Cluj are happy not to question that judgment. If the truth turns out to be otherwise, however, the backlash will be fast and furious – especially among the Romanians who came to Caritas relatively late.

THE LEX COLUMN

Flights of fancy

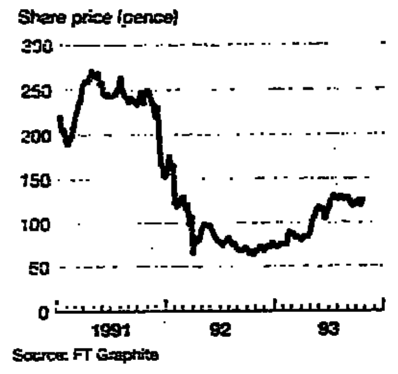
Both the gilt and equity markets this week have impressed with their ability to flourish despite depressing domestic news. Left to their own devices both might have wilted under the impact of disappointing inflation figures and weak industrial production data. Nor was there much to cheer about in the limited flow of corporate news. Yet, thanks to a seemingly inexhaustible flow of overseas buying, equities closed at another record high.

The chances are that the inflow will continue for a while longer. That only increases the risk of suspending judgment about underlying valuations. The run-up in telecommunications shares in the wake of the Bell TCI merger, for example, looks driven by sentiment. More alliances may be formed, but it will be years before multi-media actually generates multi-earnings at the touch of a switch.

Rightly or wrongly the markets continue to expect another UK interest rate cut at the time of the Budget. That should ensure ready demand for the short-dated gilts auction announced yesterday. If inflation does turn back up, though, there cannot be many more rate cuts in the pipeline. Once they are over, gilts will be harder to sell. The markets would have to come back to earth if the government felt compelled to tap the long end of the yield curve again.

FT-SE Index: 3120.8 (+34.5)

Lonrho



Source: FT Graphite

Forte

Sir Hugh Wontner's dismissive remark that Italians make good hotel managers has always rankled with the Forte family. So it would be surprising if Forte's arrangement with Ciga was purely a management deal. At one level it is a way of expanding in Europe on the cheap, as Forte is committing only £33m in cash to the venture. Its return, though, will be limited by the fact that it will lease rather than own the Italian hotels in Ciga's portfolio. Ciga's debts are ring-fenced by the arrangement, but Forte's partner clearly does not have the cash to pay for the continual refurbishment that hotels require. That will have to be generated out of operations.

The deal is also at the upper end of the market, rather than the middle, which would be Forte's more natural domain, given its roadside catering strength. That, however, may betray the real purpose. Forte is gaining rights to a luxury brand that will enhance its claim to eventual ownership of the Savoy. It will now be negotiating from a position of much greater strength.

Milk market

Managing a UK dairy company is developing into a fearsome intellectual challenge as the industry prepares for the Milk Marketing Board's demise. Fretting investors this week knocked 9 per cent off Northern Foods' shares and 5 per cent off Unigate's. It is not easy to see how the uncertainty will quickly be resolved.

Dairy companies are under attack on three fronts. First, they are finding it difficult to manage the orderly decline of doorstep deliveries as superstores rapidly lap up market share. Until now, the dairies have done well to maximise returns by maintaining high prices. But with pints costing as little as 22p in supermarkets and as much as 41p on the doorstep, the differential has seemingly grown too wide. Second, they have to contend with retailers' margin demands as they become more powerful customers. Tesco appears to have taken the margin pain in cutting its milk prices this week. But the dairies will bear some of the cost if other superstores join the fray. Third, the dairies face the prospect that farmers' milk prices will rise after the MMB is dissolved next year. This, too, could result in a further margin squeeze.

The big dairies must hope these pressures will crush smaller operators, enabling them to gain market share and economies of scale. The chances are that they will emerge bigger and more efficient companies. Nevertheless, they will be pushed to remain as profitable.

Hong Kong

Political tensions between Hong Kong and China may have been enough to unnerve the stock market earlier this year, but they are having little impact now. Indeed, negotiations over elections are not much further on than when shares were only two-thirds their current value. In part that may be because investors suspect Governor Patten may back down and because economic conditions are still favourable. The brakes may have been applied to the overheating Chinese economy, but only 4 per cent of the colony's pre-tax profits come directly from there. Hong Kong, meanwhile, is still growing strongly.

Liquidity is also powering the rally, as this week's intervention to hold the Hong Kong dollar down to its US dollar peg suggests. Other markets in the region are also hitting highs and the interest of US funds is well documented. Japanese investors have also moved overseas as the perception grows that the yen has peaked.

Almost $4bn worth of overseas assets were bought by the Japanese in the first eight months of the year – more than in the whole of 1992 and including some $1.9bn in August alone. Such liquidity can underpin markets for many months. Hong Kong equities are trading at around 13 times projected 1994 earnings – about the top of a normal trading range, but still reasonable by international standards. On the cash flow measure popular with US investors, however, valuations look more stretched.

Lonrho

Mr Dieter Bock should have known that it would be hard to persuade Lonrho's board to accept non-executive directors. Not only has Mr Tiny Rowland long viewed non-executives with disdain: existing directors have little interest in accepting new members with the power to establish remuneration and audit committees.

Mr Bock occupies the moral high ground in terms of corporate governance, but his success in persuading Mr Rowland to dispose of The Observer does not mean he is firmly in charge. Mr Rowland can muster the support of small shareholders and, having spent £130m on his 19 per cent stake, Mr Bock cannot afford to walk away. Unless he succeeds in appointing non-executive directors, though, Lonrho's share price may fall back towards last year's 54p low.

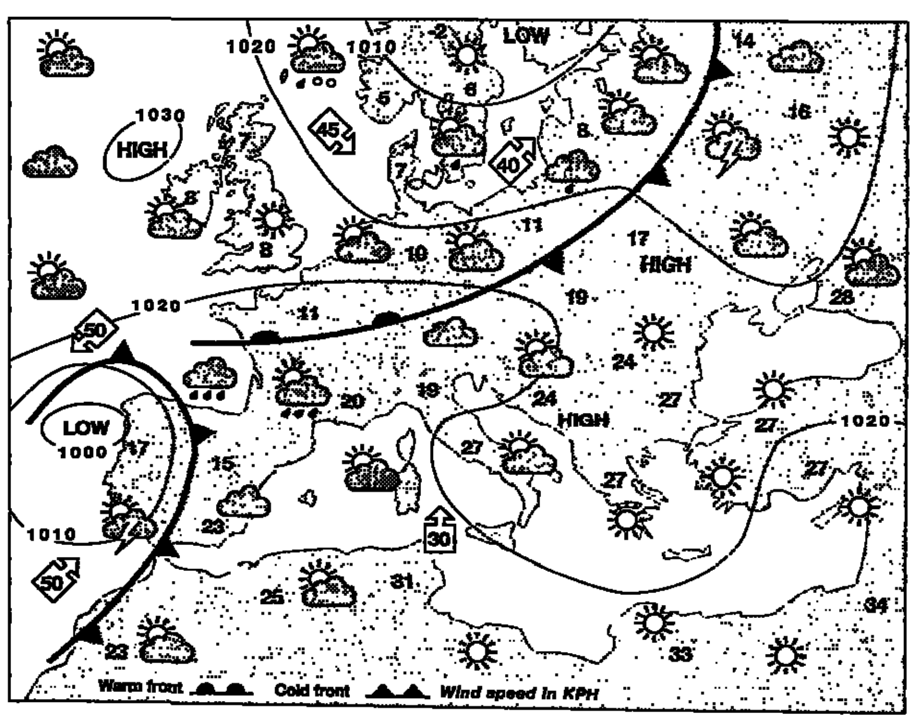
FT WORLD WEATHER

Europe today

It will be unseasonably cold in north-western Europe. Where this cold air meets with milder air extending from central France towards southern Poland, it will be cloudy with local outbreaks of rain. Wintry showers will develop over the northern Atlantic and North Sea affecting Scotland and northern Ireland. Dutch coastal regions will have showers possibly with hail, but it will be sunny in the Dutch interior, Belgium and north-western Germany. Cloud and rain with isolated thunder will persist over Portugal and northern Spain. Meanwhile, most of the Mediterranean countries will stay sunny and warm with temperatures up to 25-30C.

Five-day forecast

High pressure will expand from the UK towards Poland later this week. This will lead to a string of sunny days with cool afternoons and mainly clear, cold nights in these regions. Showers will drift over the coastal districts around the North Sea. It will stay cold and wintry in Scandinavia with fairly heavy snow in Lapland next week. Near the boundary between the cold north-west and the milder air over France to the Alps, it will stay cloudy with local outbreaks of rain.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	35
Accra	cloudy	31
Algiers	cloudy	29
Amsterdam	shower	9
Athens	fair	29
B. Aires	fair	24
B.ham	fair	8
Bangkok	thund	34
Barcelona	fair	20
Beijing	fair	19
Belfast	cloudy	7
Belgrade	sun	24
Berlin	cloudy	10
Bermuda	fair	28
Bogota	thund	19
Bombay	fair	33
Brussels	fair	9
Budapest	fair	19
C.hagen	shower	8
Cairo	sun	34
Cape Town	sun	20
Caracas	cloudy	30
Cardiff	fair	8
Chicago	rain	18
Cologne	fair	10
D' Salaam	fair	29
Dakar	fair	30
Dallas	fair	33
Delhi	sun	35
Dubai	sun	34
Dublin	fair	8
Dubrovnik	sun	25
Edinburgh	fair	8
Faro	thund	20
Frankfurt	drzzl	12
Geneva	shower	15
Gibraltar	cloudy	20
Glasgow	cloudy	8
Hamburg	hail	9
Helsinki	sleet	5
Hong Kong	shower	29
Honolulu	fair	30
Istanbul	fair	27
Jersey	fair	10
Karachi	sun	39
Kuwait	fair	36
L. Angeles	fair	21
Las Palmas	fair	26
Lima	cloudy	22
Lisbon	thund	17
London	sun	8
Lux.bourg	cloudy	10
Lyon	shower	18
Madeira	cloudy	21
Madrid	shower	15
Majorca	cloudy	24
Malta	sun	29
Manchester	sun	8
Manila	thund	31
Melbourne	rain	18
Mexico City	sun	22
Miami	thund	31
Milan	fair	19
Montreal	fair	16
Moscow	drzzl	11
Munich	shower	14
Nairobi	cloudy	26
Naples	sun	26
Nassau	thund	31
New York	fair	20
Nice	shower	19
Nicosia	sun	33
Oslo	fair	5
Paris	rain	11
Perth	fair	15
Prague	drzzl	11
Rangoon	fair	34
Reykjavik	snow	2
Rio	fair	27
Riyadh	sun	35
Rome	fair	25
S. Frsco	fair	18
Seoul	fair	22
Singapore	rain	29
Stockholm	snow	3
Strasbourg	drzzl	15
Sydney	thund	22
Tangier	shower	21
Tel Aviv	sun	34
Tokyo	fair	23
Toronto	rain	14
Tunis	fair	31
Vancouver	fair	13
Venice	shower	18
Vienna	fair	17
Warsaw	fair	12
Washington	fair	21
Wellington	fair	18
Winnipeg	fair	8
Zurich	fair	13

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL.

Weekend FT

SECTION II Weekend October 16/October 17 1993

*Jewish comedians have hijacked America and the world. But what shapes them? **Nigel Andrews** goes to the fountainhead for answers*

COMEDY, next to sex, is the great human imponderable. Like sex, it is international, but everyone does it differently. And, like sex, its body language would be incomprehensible to a being from outer space. "What are all these creatures doing heaving their shoulders and making loud, staccato, whinnying noises?" the alien would say, if stumbling on a comedy audience anywhere from Ohio to Osaka.

There is, however, one form of humour to which we earthlings all seem to respond and which we would surely try out on a Martian if we wanted to lighten him up or persuade him that comedy can be a common language, making merry with common grievances. It is Jewish humour.

Mel Brooks, Woody Allen, Neil Simon, Mort Sahl, Jack Benny, Jackie Mason, Lenny Bruce, Jerry Lewis, Billy Crystal – Jewish comedians have hijacked American humour in the second half of this century. And since American comedy, in turn, has hijacked the world via television and cinema, Jewish humour could now be the most widely exposed on earth. Glance at those names again and then give me nine French comic writers or performers you know. Or nine Germans. Or even - staying in same-language America - nine Hispanic or black or white non-ethnic comedians of world fame.

But if Jewish comedy has become a concept with brand recognition across the globe - as familiar as Greek tragedy or French cooking - what shaped it? And how much do today's Jewish comics recognise a kinship or common culture?

During years of sleuthing round Hollywood and New York - moonlighting from official interview schedules, when given the chance, to buttonhole experts on the topic - I have uncovered two piquant facts. One: nearly all the Jewish humorists who rose after the war served their apprenticeship in the same early-1950s' live television era, and nearly all of them in the same show – the weekly comedy revue starring Sid Caesar. Two: these writers/actors/directors speak today as if they were brought up in the same family. Chatting about rivals' styles, or psycho-analysing each other from afar, they assume not just a shared folk history but shared hang-ups, foibles and phobias.

For the first great property of Jewish humour is flamboyant complaint: the "Oi vey" tradition. It is there in Woody Allen's fervent soliloquies of sexual or psychological failure. It is there in Simon's rueful microscope placed on life's daily accidents and frustrations. It is even there, if you listen, in the fevered spoof-defeatism of Brooks' account to me of how Jewish comics first colonised east coast America.

"There are two mountain ranges in New York state" (Brooks is behind his Hollywood desk, making big pictures with his hands and voice). "One is the Adirondacks, but they were too high, too hard to climb. The Jews, who were unfit, couldn't get up them to build their big resort hotels. So, they climbed the smaller range - the Catskills - and built their hotels there. We comics would go there and perform, year in year out, and it became known as the Borscht Belt. It's how we all got started." And it was. For further research, check Billy Crystal's brilliant Borscht Belt mock-biopic, *Mr Saturday Night*.

We could, however, date the start of modern American-Jewish comedy earlier: to a time of historical crisis even more testing than climbing the Catskills. The Jewish comics all had their family roots in early-century eastern Europe. Although raised on a history and set of traditions that have nothing to do with comedy – pogroms, the Holocaust, mass emigration, religious dogma – they ended up sharing in a perverse collective will to be funny.

Brooks claims the instinct is in their blood. "In the old West, when the Red Indians attacked the cowboys, that night the cowboys would tell stories to amuse each other, to ward off anxiety. The same is true of any situation where there are hostile forces on the perimeter. In eastern Europe, there were these little *shtetls* - villages, ghettoes - and all around there were anti-Semites: Poles, Russians, later Nazis. The Jews would make jokes to keep up their spirits, to ward off the lunatic fears that would come at night."

No surprise, then, that Jewish humour is tinged with complaint, raillery and mock despair. Or that Allen, its greatest one-man band today, has kept turning out dark dramas between the comedies. For him, comedy and tragedy are "two faces of the same thing. When something terrible happens, the comic muse will keep it at arm's length and deflect it, whereas the tragic muse will embrace it and work it through. But they're both about survival. They're both about coping with the unbearable."

This sense of laughter in the dark was audible in Jewish humour even when Allen began as a 21-year-old gag writer – on the Sid Caesar show. Round the table with him: fellow joke-spinners Brooks, Carl Reiner, Simon and Larry Gelbart, all unknown, all with nothing in common save an ancestral history of outrunning political persecutions. (Not many years before, their families would have tuned their radios to horror news from Dachau and Auschwitz).

Caesar himself, now 70 and retired in Beverly Hills, says one feature of his show's humour - put together in semi-chaotic "jam sessions" during which the Jewish wits swapped ideas over an NBC studio table – was its blithe relish for human calamity. "One of our popular sketches was about an old couple who have a star in their window 'cos their son's in the service. There's a knock on the door; a telegram. 'We regret to inform you your son has been killed . . .'

"The woman starts to go upstairs, then she falls down, the old man tries to pick her up, he falls down" (Caesar's voice shifts into the husky, Brooklyn-accented comic overdrive of 40 years ago). "The dog runs out the door and starts barking, a car hits it, people rush in. 'What can we do?' 'Pick hoir up'. 'No, pick *him* up'. 'No, you hold him and I'll pick *hoir* up'. 'No, you put hoir under *him*' . . . So, from a terrible dramatic situation, you have farce. He adds: "I always say crying and laughing are the same emotion. You laugh too hard, you start to cry. You cry too hard, you get hysterical and start to laugh."

Caesar, though, belongs to a generation that resists the phrase itself – "Jewish comedy" – perhaps for its whiff of the cultural ghetto. "We'd do parodies of Thai movies or German movies in the show. We'd do a sketch in which my wife wrecks a car. Is that Jewish? Do only Jewish women wreck cars?"

Another Jewish-born comedy veteran who rejects the label is Walter Matthau. "I think it's 'Mexican' humour! No: what *is* Jewish humour? It's like saying 'Oh, you Italians are all the same, or you French.' How are they all the same?" And even Allen, the man who strews his movies with funny rabbis and verbal swipes at Hitler, suddenly seems seized with embarrassment or resentment when I ask him about "Jewish" comedy.

It is different with younger comics. The actor and film maker Albert Brooks, who has pushed his pixillated-paranoid heroes into comedies like *Broadcast News* (anxiety-prone anchorman) and *Defending Your Life* (car crash victim en route to next world), is convinced that his racial heritage - and its grim lessons in survival - underscore his stories.

"There's something in the Jewish experience, where more than half the population was incinerated, that goes straight into your genes," says Brooks. "Humour has become a way of living through that experience and defying it. Woody Allen and Mel Brooks, who are older than me and closer to that time, make jokes explicitly about Hitler. But even for someone like me who was born far from the war, you know - you *know* - that if, God forbid, it happened again and you're Jewish, you'd get it. You never forget that."

For the new generation of comics, godfathered by the extrovert shamelessness of Mel Brooks (the man whose original title for *Spaceballs* was "Jews In Space"), to call themselves "Jewish comedians" is a form of racial self-authentication. They rejoice that words like *schtik* have entered the common language: that scarce-translatable term for a pile-it-on, laugh-at-all-costs style of verbal humour that Brooks sees as central to Jewish comedy.

"Jewish people are very brave in their humour," he says. "There are no taboos. Even back in the *shtetls*, Jews would make jokes about anything. Typical gags would be to poke fun at people who stammered or were hunchbacks. There was no such thing as bad taste. If something was in bad taste, it just meant it was funnier than something in good taste."

So, if complaint is the bass line or *ostinato* of Jewish humour, its high notes and *fortissimos* are its acts of defiance in the face of taboo. Mel Brooks himself has led by example: witness the Nazi production number, "Springtime for Hitler," in *The Producers* that scandalised happy audiences back in the 1960s.

But if we know – or think we know – what Jewish humour is about, where did it get the proselytising panache that pushed it round the world? From the same source, undoubtedly, from which Jewish history has drawn its energy for 3000 years.

The Diaspora is the story of a race that, ever since the pharaohs, has been going out into the world to doorstep every other race ("Let me into your home and we can rail at life together"). Once the foot is over the threshold, pleas for hospitality are mixed with busking demands for a showcase for their talents. (One of those showcases became Hollywood). To get the showcase, let alone the hospitality, that talent has to combine its own special flavour with an ability to be all things to all men.

■ Continued on page IX

CONTENTS

The Long View/**Barry Riley**

Gold prospecting

ONE DAY this week a generous gentleman from the London bullion market handed me a standard 400oz bar of gold. It was worth, he said, £95,000. As it happens, gold is quite cheap at the moment in historical terms. As recently as late 1987 the same bar would have been worth £155,000, adjusted for inflation. At the time of the record high for the gold price back in early 1980, when the price hit $835 an ounce, it would have been fetched more like £340,000, again expressed in terms of present-day purchasing power.

What might it be worth in five years' time? I can't answer that question, but the gold bulls are getting restless again. Thirteen years is an awfully long time for a bear market to run. The price hit a low of $285 in 1985 and staged a very decent rally to hit just over $500 in the panicky aftermath of the 1987 stock market crash, but it has subsequently drifted. It has really followed the declining pattern of commodities in general, with production rising and costs falling, while demand remains fairly flat.

Earlier this year those two veteran speculators George Soros and Sir James Goldsmith decided to stir things up. At their prompting all sorts of other gold bugs reappeared from the woodwork and the price of the metal jumped from $326 in March to $405 at the end of July.

Unfortunately the fragility of this move was soon demonstrated as the price tumbled back again to $344 in September. This week it has showed just a flicker of life and has been trading above $360. The chartists say that it has bottomed out after its prolonged downtrend, though that does not imply that a big further rise is imminent.

As the ultimate in speculative investments gold has strong and distinctive financial characteristics. It is best known as an inflation hedge, and for that reason its price moves in opposite directions to the stock market (equities do not go up with inflation, at least in the short to medium term).

Since 1980 gold has been disastrously outpaced by the stock market: while the bullion price has been tumbling since 1980 the FT-Actuaries All-Share Index, for example, has risen from 230 to over 1,500. In non-inflationary currencies the picture is worse: from the Japanese point of view the price of gold in yen has come down consistently from a 1980 high of 200,000 yen to under 40,000 yen at present.

Whatever the temptation to find dramatic statistics, however, too many comparisons with the freak high attained at the end of the inflationary 1970s can be misleading. In fact it is little more than 20 years since gold was freed from its fixed rate of $35 an ounce under the postwar Bretton Woods monetary system. The tenfold rise in the dollar price since then leaves it well ahead of inflation over this period.

Studies over the very long term suggest that gold maintains its real value, that is, it produces a zero real return. For investors in advanced economies this is a turn-off because British pension funds, for instance, expect to get a 6 per cent annual real return from equities (and in practice have achieved about twice that figure since 1980).

Nevertheless there is a theoretical case for holding gold in a portfolio if you want to stabilise the overall returns, because the price of the yellow metal moves in opposite directions to those of stocks and bonds and therefore smooths out the fluctuations.

Yet institutional investors tend to have other ways of handling volatility, and gold can prove very hot to handle: there are still vivid memories in the City of London of how Rothschilds, the merchant bank, bought gold for its client pension funds in 1974.

It performed extremely well that year as the stock market crashed, but was left spectacularly stranded when share prices rocketed up again early in 1975. The long-term investors in gold tend to be wealthy private individuals in unstable jurisdictions who are more interested in preserving wealth than investing it for a return.

Equities do not appeal at *any* price, however. After a long period of rising share prices, even the staidest institutional investors are casting around for better value. US pension fund managers are dubious of the value in Wall Street's blue chips and have been pushing capital overseas, for instance into emerging market stocks.

Gold and other commodities are also being touted at present as possible beneficiaries of this move to diversify away from overpriced core investments. The conditions of the 1970s bull market in gold are not present, however.

Then, a world economy growing at 6 per cent a year collided with supply constraints in commodities, and most Western governments tried to inflate their way out of trouble as domestic real incomes were squeezed.

Today the advanced economies are limping along at an average growth rate of maybe 1 per cent and although shortages will predictably develop eventually – notably in energy – the problem scarcely appears to be imminent or general.

In the 1990s the gold bugs are focusing on a rather different challenge. Economic weakness resulting primarily from excessive private sector indebtedness is pushing governments into heavy fiscal deficits. The US Federal Reserve, in particular, is adopting a brave but some would say dangerous strategy of pumping liquidity into the banking system.

If the US economy is not stimulated into self-financing expansion the next step just might be a loss of control of monetary growth and a lurch into serious inflation. The gold price over the next few months will be best viewed as an important indicator of underlying international investor sentiment as the long global bull market in stocks and bonds reaches a highly mature stage.

As for my own block of gold, in case of any possible misunderstandings I should add that the bullion dealer had a guard in attendance and insisted that the bar should be returned safely to the vaults whence it came.

MARKETS

London

In case of stagflation, dig out my flares

By Peter Martin, financial editor

JUST AS the Paris fashion shows were abandoning 1970s nostalgia this week, the markets seemed to be rediscovering it. The coincidence of two sets of statistics – falling manufacturing output and slightly rising inflation – brought back memories of one of the 1970s' ugliest coinages: stagflation. When, simultaneously, prices are rising and economic activity stagnant, the government is hog-tied, able neither to ease monetary policy (because of inflation fears) or to tighten it (because that could turn stagnation back into recession).

Of course, in the 1970s the level of inflation was much higher. Still, the markets saw enough of a worry in the figures to push the FT-SE 100 index down, and long-term interest rates up, immediately the figures were announced.

By the end of the day, however, nostalgia had run its course. The FT-SE 100 closed down only 13.8 points, to 3,071.2, and the yield on 15-year gilts rose from 7.13 per cent to 7.15 per cent. Investors had decided that a government as unpopular as this one would have no problem solving the stagflation conundrum: easier money would win out over fears of inflation, giving the markets the further cut in base rates they are expecting by the end of the year.

By the end of the week, stagflation appeared even less of a threat. Thursday brought fresh figures, this time showing a continuation of the six-month trend of falling unemployment. Although they were accompanied by threatened job cuts at British Aerospace and other engineering firms, the figures seemed, on balance, to paint a picture of a hesitant recovery rather than one than switching into reverse.

On Friday, as blue skies appeared over the City for the first time in weeks, the stock market finally cast off its mid-week fears, although they lingered still at the long end of the gilt market. The FT-SE 100 index closed at 3,120.8, a new peak. The FT-Actuaries All-Share index, which has been lagging behind recently, also achieved a new closing record, 1541.91. But the yield on 15-year gilts edged up further, closing at 7.17 per cent, up from last week's 7.13 per cent.

There is another lesson to be drawn from the week's statistics. The chart compares unemployment and stock market performance in this recession and the one at the beginning of the 1980s. It illustrates the way the economy appears to have undergone structural changes in the past decade. The unemployment figures rose more quickly this time round but, once they had peaked, they fell much more decisively. In the early 1980s, unemployment levelled off; the sustained fall came much later in the cycle.

A decade ago, the stock market made a brisker move upwards once the markets started anticipating recovery: the FT-Actuaries All-Share index nearly doubled between 1981 and 1983. This time, the rise in equities was capped initially by Britain's membership of the ERM; once that was over, a sustained rally set in, taking the index up by something less than half.

The question is whether the stock market rally has fully run its course, now that the trend in unemployment is clearly on the way down, or if there is much further to go, as in the early 1980s.

That will, partly, be decided by the speed with which companies are able to rebuild their profit margins now that the worst of the domestic pressures are behind them. Here, Ian Harnett, of Société Générale Strauss Turnbull, offers an interesting insight. He points out that part of the recent worry about a faltering recovery stems from the slowing volume of retail sales, a trend likely to show up again in next Wednesday's figures.

People have paid much less attention, he says, to the fact that the *value* of retail sales has continued to accelerate. "What has happened is that retailers, after seeing rises of close to 6 per cent in turnover, have decided that fighting for market share at the expense of their margins is pointless."

One industry where the tension between volume and margin has been most pronounced was in the news this week: the drinks business. There was disconcerting news from two of Britain's leading spirits houses: United Distillers, owned by Guinness, and International Distillers & Vintners, owned by Grand Metropolitan.

The news from UD was that Crispin Davis, its managing director, was departing by mutual agreement; the news from IDV was that it was losing US distribution rights to one of the most successful brands of recent years, Absolut premium vodka.

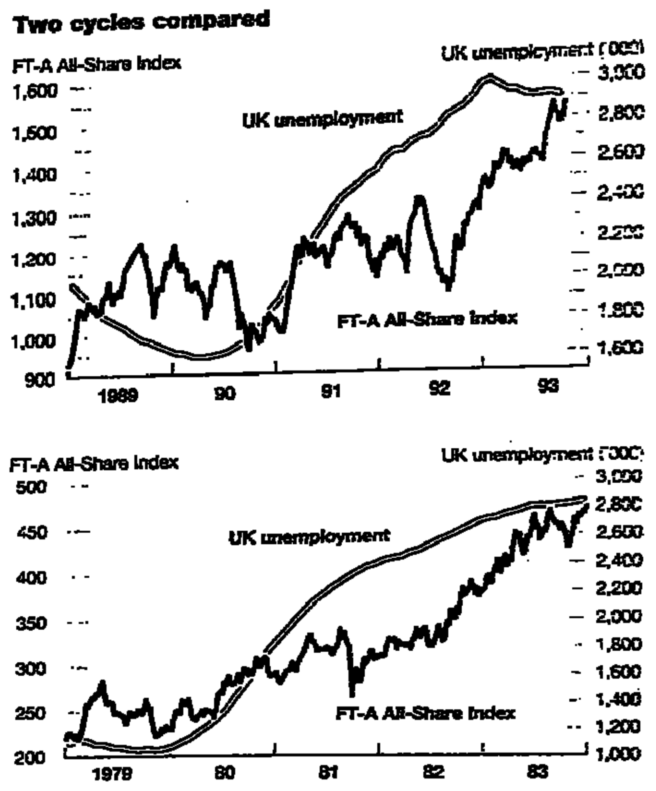
Behind each story lies a common theme. Because people are, by and large, drinking less, the industry's salvation lies in making them drink better, wooing consumers to posher brands at much fatter margins.

The policy at has been a roaring success at Guinness, contributing to the company's role as stock market darling in the late 1980s.

Still, such a strategy is arguably harder to sustain in a recession when consumers lose their enthusiasm for premium pricing. At UD, Crispin Davies – who has a background in fast-moving consumer goods at Procter and Gamble – appears to have had less faith in the strategy's inviolate nature than his boss, Tony Greener, Guinness's chairman and chief executive. UD recently has been cutting some prices, a policy clash that seems to have prompted Davis's departure.

At IDV, there has been no such disagreement, merely a struggle with Seagram over the rights to Absolut – a sign of how serious the battle for premium brands has become. Investors certainly took the announcement seriously: the Absolut contract is thought to be worth £30-40m a year in profits and the group's shares dropped 4 per cent on the day, closing on Friday at 400p, down 20p on the week before.

Two cycles compared



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	3120.8	+12.2	3120.8	2737.6	Base rate optimism
FT-SE Mid 250 Index	3479.8	+2.5	3513.3	2876.3	Bargain-hunting
Body Shop Intl.	197	+28	227	133	Good results
Boots	514	+25	563	416	Hopes of Do It All cuts
British Aerospace	422	+18	468	165	Taiwan deal fears discounted
Enterprise Oil	487	+21	521	397	Oil discovery/positive sentiment
Euro Disney	610	-35	1180	580	Cuts prices/rights issue worries
Granada	495	+19	495	341	BskyB benefits
Lucas Inds.	174	+19	175	126	Better-than-expected profits
North West Water	556	+25	560	431½	Yields lift waters
Smiths Inds.	356	-16½	394	320	Stock overhang
Tesco	203	-13½	273	189	Margin worries after price cuts
Thorn EMI	914	-40	1017	809	CD price inquiries
Unilever	1115	+63	1249	938	Brand concerns subside
Wellcome	756	+33	993	600	Hopes ahead of US conference

Serious Money

Life funds link-up worries investors

By Philip Coggan, personal finance editor

THE PROPOSED merger of the life funds of Friends Provident and UK Provident has caused some disquiet among Weekend FT readers, who feel that the policyholders of the latter company are not getting a fair deal.

The deal marks the end of a long process. An operational merger between the two companies was announced in 1986. A scheme of arrangement followed in 1988 which fully merged the businesses but kept the life funds separate.

According to Friends Provident, there are a number of reasons why the fund merger is needed now:

■ No new policies have been sold by the UK Provident fund for several years, and thus no new cash is coming in. Accordingly, when benefits are paid, the fund has to sell investments. This has led to reduced returns because shares may have to be sold at depressed prices and more of the fund needs to be invested in fixed interest securities.

■ There is little scope for management expenses to be cut further. As the fund shrinks, the fixed costs have a proportionately greater impact on returns.

■ UK Provident fundholders will benefit from the savings gained by eliminating the need for separate accounting for each fund and from savings in management time.

So why are some readers upset? One key reason is a clause in the circular which says "it would be equitable to expect the UKP fund policyholders to make some contribution to strengthen the financial position of the single fund arising as a result of the amalgamation in return for this benefit. It is proposed to implement this by reducing the rate of investment return used to calculate the asset shares (against which bonus policy will be determined) of UKP Fund policyholders by 0.25 per cent in each future year."

This is hardly an incentive to agree to the merger; after all, investors expect to be paid a premium for agreeing to a takeover, not to suffer a penalty. Friends Provident argues, however, that UKP policyholders will benefit from enhanced investment returns in the merged fund (because of the greater investment freedom). This factor, Friends Provident believes, will be worth around 1 per cent a year, more than outweighing the 0.25 per cent charge.

This does not convince some readers. One writes that "there seem to be few, if any, details on costs, bonuses, relative performance etc to back up the proposal." Another dismisses the argument about the shrinking UKP fund, pointing out that the fund still has some £1.86bn of assets. "It ought to be perfectly possible to run a fund of that size economically," he contends.

The arguments are complex. Some might say that closed funds are better for investors, since they are not bearing the costs (commissions etc) of acquiring new business.

One reader was hoping to take advantage of the "tontine effect" whereby as the fund shrinks, the biggest returns go to the last investors left within it. Friends Provident argues that the tontine effect only occurs if early-exiting investors are inadequately compensated; something they intend to avoid.

A more fundamental complaint is that policyholders will not have a vote on the merger. Instead, an application has been made to approve the scheme in the High Court. This, argues a reader, makes it difficult for individual policyholders to oppose the deal, short of hiring a barrister.

Friends Provident says a vote was taken in 1988, when it was made clear that the merger of the funds was a long term aim. A further vote would be too costly.

The merger proposals have received the approval of an independent actuary. Nevertheless, it is at least arguable that the owners of a £1.86bn fund ought to have more time, and more consultation rights, about such a fundamental change. Policyholders who object to the scheme can write to the company secretary of Friends Provident, who will lodge all objections with the Court. Friends Provident has a helpline on 0722-413366.

* * *

How should unit trusts earn their annual management charge? The subject this week was brought into focus by a Securities and Investments Board consultation paper which suggested that the annual charge *must* be deducted from the income account.

The paper was prompted by a Foster & Braithwaite trust which planned, after agreement with the trustees, to deduct the charge from the capital account. Such a proposal was within the rules; but SIB saw some dangers.

With current 6 per cent base rates, investors are eager to find any source of a high level of income. At the moment, if fund X buys bonds yielding 7 per cent and its annual charge (and other expenses) are 1 per cent, the yield to the investor will be 6 per cent. But if fund Y deducted its annual charge from capital, it could advertise a yield of 7 per cent. To the unwary investor, fund Y might seem more attractive, even though he would be no better off.

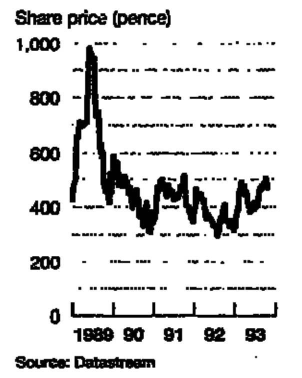
The Association of Unit Trusts and Investment Funds wants its members to be able to deduct the annual charge from capital, provided investors are made fully aware of what is happening.

My own view is that such trusts should not be permitted to advertise a yield which did not allow for the impact of the charge. Anything else would give too much scope to mislead investors.

AT A GLANCE

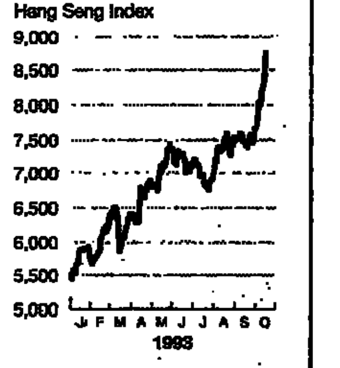
Eurotunnel

Share price (pence)



Hong Kong

Hang Seng Index



Source: Datastream

Eurotunnel needs another £1bn

Eurotunnel confirmed this week that it would need to raise at least another £1bn from banks and shareholders by mid-May 1994. At least half the additional funds will come from a rights issue. The company has reduced its initial revenue estimates because of start-up delays and price competition from the ferry companies. On current estimates, it will not be until 1998 that the company breaks even on a cash basis.

High times in Hong Kong

Hong Kong's Hang Seng index has been hitting new highs for the last fortnight, in spite of the lack of progress in talks between Britain and China over the colony's future. There has been strong demand from foreign investors, chiefly US mutual fund managers, who have recently increased their weighting for Hong Kong. UK fund managers have also been enthusiastic about Hong Kong's potential.

Price earnings ratios make the Hong Kong market seem good value to US investors, even given the political risk. Cooling-down measures being implemented in China do not yet appear to have had a negative impact; general opinion seems to be that the Chinese economy will have a soft landing.

Fidelity looks to new shores

Fidelity has added an emerging markets fund to its Luxembourg-based range of offshore funds. Emerging markets is the catch-all term for developing countries where economic growth (and therefore stock market returns) are expected to be higher than in the developed world. The initial asset allocation is likely to be Asia (52 per cent), Latin America (40 per cent) and Europe/Middle East (8 per cent). The minimum investment in the fund will be £1,500. The initial charge will be 5.25 per cent. There is a 1 per cent discount until November 8 and the annual management charge will be 1.5 per cent.

Housing advice

SHAC, the UK housing advice agency, has a number of publications on issues to do with housing rights and property tax. *The Council Tax and You* (50p) is a leaflet answering the most common questions about the tax. *Guide to Council Tax* (£10.50) is a new reference book aimed at advisers and administrators, and covers all aspects of the tax. The ninth edition of *Rights Guide for Homeowners* now also covers Scottish housing law. For more information on these and other publications, write to SHAC, Kingsbourne House, 229-231 High Holborn, London WC1.

Smaller companies creep up

Small company shares made a marginal advance this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 0.1 per cent from 1595.69 to 1597.35 over the seven days to October 15.

Wall Street

Urge to merge keeps dealers on their toes

WHILE THEY might not have reached frenzy proportions yet, the Wall Street investment bankers feeding at the takeover trough must be smacking their lips in anticipation of more appetising deals to come. Not only is the surge in mergers and acquisitions making Wall Street very happy but, for the first time since the late 1980s, the M&A business has energised the stock markets, sending investors in a frantic and speculative search for the next potential bid target.

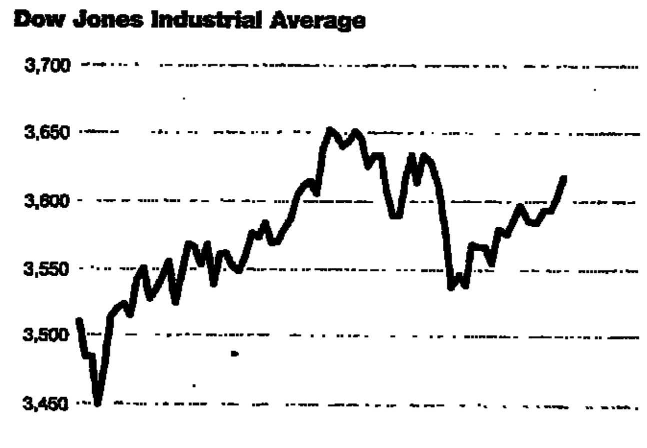
M&A activity has been picking up rapidly for more than a year, but it was always going to take a huge deal to really get the juices flowing and spark a wider market rally. That deal came on Wednesday when Bell Atlantic, the regional telecommunications group, announced it had agreed terms on an all-stock acquisition of Tele-Communications Inc., the country's largest cable service company – a deal worth at least $20bn.

The Bell-TCI transaction is typical of the deals that have been struck this past year in the telecommunications, broadcasting, entertainment, healthcare and banking industries. Typical, because equity is being used to finance much or all of the deal; and typical because the manoeuvre is motivated by a desire to build a new company equipped to prosper in a business environment that is being re-shaped dramatically by regulatory and technological change.

The merger mania of the 1980s was, primarily, financially-driven and about earning short-term profits for the deal-makers. The merger mania of 1992-93 has been strategically-driven and is mostly about building long-term prosperity.

If there is one thing that has not changed much from the 1980s, however, it is the way stock markets have reacted to the deal-making. It might have taken a long time to awaken them, but investors are now alert to the possibilities opened up by the revival in M&A activity. They have been buying up stocks in a variety of sectors which they believe are ripe for further re-structuring and consolidation, and that demand has helped propel stock indices to new highs.

Dow Jones Industrial Average



Source: FT Graphite

All indices, that is, except the Dow Dow Jones Industrial Average. While it has remained strong, the Dow has failed to match the performance of other, broader and secondary indices.

This is mainly because, in the industries which have been the focus of the recent deal-making, the most obvious potential merger/takeover targets are not part of the blue chip corporate community. Many are either hi-tech or fast-growing telecommunications stocks. This means they are probably listed on the over-the-counter Nasdaq market or they are mid-size companies like banks and cable groups, which are usually either components of the broad-based Standard & Poor's 500 index or listed on the American Stock Exchange.

So, the Dow has risen "only" 1.3 per cent this week to around 3,630, and still remains some 30 points short of its all-time high. Yet, the S&P 500 has climbed 2 per cent to a new high of about 470; the American Stock Exchange composite index has risen 4.2 per cent to an all-time peak of just over 484; and the Nasdaq composite has advanced 3.1 per cent to a record 788.18.

There is more to this pattern than just merger mania, though. Secondary indices have been outperforming the Dow because, with the economy still struggling and the bull market looking overstretched, the stocks with the "upside" potential attractive to investors are most likely to be found in the equity market's undergrowth – the small or mid-sized companies that have been overlooked in equities' long rally.

If this is the unexciting story of today's markets, the glamour can be found with the telecoms: cable and entertainment stocks which are on the threshold of a new information age. Stocks like Transcontinental Realty Investors, which jumped 15 per cent on Thursday when the Bell-TCI deal was announced.

Transcontinental Realty Investors? What could a Dallas-based property investment trust possibly have to do with a billion-dollar multi-media communications merger? Nothing, apparently. When the news of the Bell-TCI deal broke on Wednesday morning, many investors rushed to the 'phone to order their brokers to buy shares with the stock symbol TCI, hoping to cash in on the positive feedback to the day's big story.

TCI, *however*, is *not the* stock symbol for TCI, the cable company. It is Transcontinental Realty's stock symbol (the real TCI's symbol is TCOMA). Before anyone had noticed the mistake, trigger-happy investors bought 55,000 shares worth about $1m, lifting the company's price $2⅞ to $17⅞ in the process. So much for the information age.

Patrick Harverson

Monday	3598.41	+	08.67
Tuesday	3593.13	–	00.28
Wednesday	3603.19	+	10.06
Thursday	3621.63	+	18.44
Friday			

The Bottom Line

A tauter, leaner Body Shop

THE Body Shop Bounces Back, was how the company headlined its interim results press release. Pre-tax profits announced on Thursday had indeed recovered from the £8.3m recorded in 1992 to £10m, for the six months to end August, bouncing above the £9.2m made in the first half of 1991.

Forecasts for full year pre-tax profits also suggest a bounce, from the £21.5m in the year to end February to £25m or £26m, probably beating the previous record of £25.2m.

But the real question is: has Body Shop bounced back sufficiently from the string of disappointments and poor publicity which has hounded it over the last year or two to return to its former glamour stock market rating?

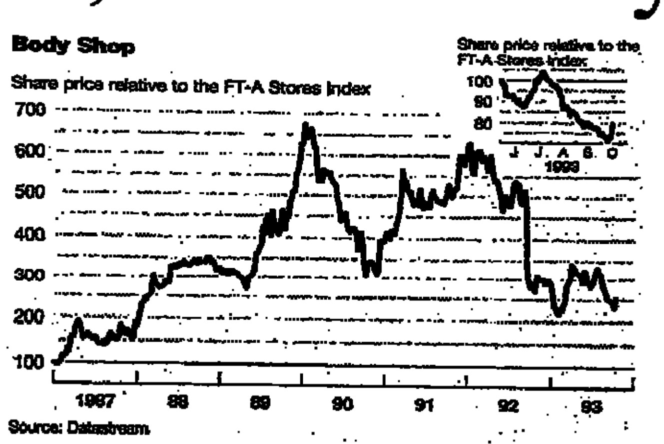
In May last year Channel 4 showed a television programme questioning the commitment of Body Shop – which makes and sells natural cosmetics and toiletries – to not testing its products on animals. In August this year the company and its chairman and managing director Gordon and Anita Roddick won libel damages. A US TV company planning a programme in a similar vein has since dropped the idea.

In September 1992 Body Shop fell foul of the stock market when it warned that interim profits would fall because UK sales had been disappointing. The shares, which had peaked early in 1992 at over 350p, fell 108p in a day to 158p. That was followed in January by a downbeat statement on Christmas trading, and the shares fell 15p that day to 153p.

To outsiders the group's most obvious problem has been in the UK, where comparable store sales were falling by as much as 10 per cent a year ago and 8 per cent over the last Christmas period. Sceptics point to the progress rival retailers have made in selling "me-too" products at lower prices.

Body Shop

Share price relative to the FT-A Stores Index



Source: Datastream

Gordon Roddick dismisses the fear of competition, saying he would be more concerned if no one was copying the Body Shop idea. He believes that its premium-priced products are premium quality and its target market is different. The sales trend has been reversing: by the end of the half year period same-store sales were down 3 per cent and by this Christmas the group expects to have at least halted the decline.

But Body Shop's more fundamental problem has been that, having grown rapidly from small beginnings, it has perhaps lost some control of parts of its empire and has lacked the professional management to apply the best disciplines. Independent directors are being sought to bring the board more into line with current corporate practice.

The good news is that the company itself is well aware of this. New management has been brought in and is already having a dynamic effect on the business. It recognises that Body Shop has reached maturity in terms of shop numbers in the UK, but that does not mean it cannot improve profits. Applying tighter retail disciplines alone should improve margins. In any case, the UK, although the core business, contributed only 36 per cent of interim profits.

The group has a more impressive record internationally than most other UK retailers and it is barely reaching critical mass, let alone maturity, in its most developed area, the US. In other places, such as Europe, Australia and the Far East Body Shop is still in its early stages. Its aim is to become the world's best-known retailer, a target it is some way to achieving.

Body Shop has worked hard on its production side and now manufactures 55 to 60 per cent of its volume itself, up from 25 per cent a few years ago. A tighter grip has been taken on finances. Gearing is down to 24 per cent, the big capital expenditure hump has been passed, and excessive working capital has been cut.

The company has matured in more ways than one. The rapid growth of the late 1980s is past and multiples of 30 or more will not be seen again. However, the shares – which have risen 23p to 198p since the results were announced – are on a prospective p/e of 22.

That is high, even against the sector, and requires profit growth of perhaps 20 per cent a year to sustain. But that is by no means impossible.

Maggie Urry

It's simple sense to make a will

*Two-thirds of UK adults haven't made one. **Bethan Hutton** explains why they should*

MONDAY IS the start of Make a Will Week, a Law Society promotion now in its third year. In spite of the publicity generated by solicitors posing in Superman outfits as the character Will Power, the society still estimates that at least two-thirds of adults in the UK have not made a will.

The message of the campaign is that while failing to make a will can leave your family a legacy of legal costs, complications and disappointment, making one is easy and inexpensive. Too many people think they still have plenty of time, or they do not own enough to make it worthwhile, or that it will all go to their husband or wife, anyway.

The campaign this year is being targeted particularly at unmarried couples who live together. They have no rights in law when their partner dies unless property, such as a house, is owned jointly or they can prove to a court that they depended on the partner. Even then, they may be awarded only a small part of the estate.

Make a Will Week is not necessarily a time for those who have already made one to feel smug. How long ago was it written? If it was more than a couple of years, your circumstances may have changed: you could have married or re-married, bought or sold property, acquired children or grand-children, or even received an inheritance yourself.

Wills need to be reviewed every few years, or whenever there is an important change in your financial or personal circumstances. If amendments are necessary, you can write an entirely new will or add a codicil to your existing one.

In England and Wales, marriage automatically revokes all previous wills, so see your solicitor as soon as possible after the wedding or draw up new wills to be signed on the day. Divorce will invalidate clauses involving your former spouse. In Scotland, neither marriage nor divorce invalidates a will.

Deciding who should inherit the bulk of your property is usually easy. You might also decide to make a few small cash bequests to friends or relatives, or distribute a few pieces of jewellery or collectors' items to people you feel will appreciate them.

Many charities offer guidance on will-writing as a way of encouraging people to make charitable bequests – often, these are an important source of funding. If you have no worries about leaving your dependants in need, providing small sums to a handful of favourite charities can be a nice gesture.

The other essential element of a will is choosing executors – the people who carry out your wishes. You should choose several, and they can be beneficiaries. If they are professionals, such as solicitors, you should make provision in the will for them to be paid their normal fees. Be wary of appointing a bank as your executor, though, as charges can be high and service slow. Allow for alternate executors in case any should die before you or be unable or unwilling to act.

A will is not just about who gets what after you die. It also lets you express your intentions for your children, other dependants or pets, and what should be done with your body.

Those with young children should name guardians who could take charge of them if both parents should die in quick succession. Obviously, you should seek the agreement of the person or people, as guardianship is a serious commitment.

Some people are driven to make a will only by the thought of what might happen to a pet if they died. You might not want to leave your entire estate to support your labrador in its customary lifestyle, but you could want to specify who should look after it and set aside some money for its upkeep. But if you leave all your worldly goods to your dog, and make no provision for your human dependants, they could go to court and make a claim on the estate.

Executors are not obliged legally to act upon wishes that have nothing to do with with the disposal of your property (for example, where you want to be buried and what the gravestone should say), but usually they will honour them unless there is an overriding reason against doing so.

Richard Bark-Jones, a probate practioner with the Liverpool firm of Moorecroft, Dawson and Garnetts, recalls a will for which his father, also a lawyer, was executor. The deceased had always been afraid of being buried alive and, in his will, asked to be pierced through the heart before being interred. Bark-Jones senior found this idea distasteful, not to say macabre, but felt himself morally obliged to carry out the request. So, he arranged for a surgeon to perform the task with the executors as witnesses.

Unusual or illegal conditions attached to bequests can be overruled. For example, a statement that a child can receive a bequest only if he is brought up in a certain religion could be ignored.

Making a will is a good occasion to think about inheritance tax and whether there is any way you can lessen its impact. IHT of 40 per cent must be paid on estates over £150,000; for many people in the south of England, especially, the family house alone pushes the estate over the limit. There are some exemptions, such as transfers between spouses, but the children can be landed with a large tax bill when the second parent dies unless prior action is taken.

IFA Promotion, an organisation representing independent financial advisers (IFAs), says Britons pay £665m in unnecessary IHT every year. Some of this could be avoided with very simple measures, such as writing insurance policies in trust so that the money is not paid to the estate but to the survivors. Other avoidance measures include giving money away before you die, changing the basis of ownership of the home, or setting up discretionary trusts.

An IFA should be able to tailor arrangements to your needs. IHT planning should also be reviewed regularly to take account of any change in your circumstances or the tax laws.

Insurance companies often are eager to offer advice or assistance with wills, as a person in the mood to ponder his own mortality could easily be persuaded to buy a life policy. These can be useful for IHT planning, but it is best to take independent advice.

The obvious person to consult when you make a will is a solicitor. If you have never needed to see a solicitor, or do not know one locally, ask friends or neighbours for recommendations or consult the Citizens Advice Bureau.

Solicitors charge around £50 for a straightforward will; if your partner has a similar one drawn up at the same time, that will add perhaps half as much again. Solicitors usually charge by the hour for drawing up more complicated wills involving trusts and so on. It is perfectly acceptable to ask a few solicitors for quotes before making your choice.

Another option is to use a will-writing service. These often are franchise operations, and the training given to franchisees sometimes is not very extensive. Check first on the qualifications of the person who will actually write the will – they might not be able to cope with unusual or complex situations – as well as the price. It might not be any less than using a solicitor.

It is possible to buy a simple form from a stationer and write your own will. It is, however, easy to make mistakes or oversights that are unlikely to be discovered until too late. Even if your wishes are very simple – say, to leave everything to your spouse – what would happen if you both died in the same accident?

Wording can be a problem, too. If your will says that you leave all your money to your husband, this might be interpreted as just cash or money in bank accounts, building societies, national savings etc – not shares or other investments. Remember also that a will must be signed in front of two witnesses – who must not be beneficiaries.

Bark-Jones says the most common mistake in do-it-yourself wills is failing to make a residuary bequest. People itemise their main assets and specify who is to get the house, cash and certain treasured items, but do not say who should get the rest. Failure to appoint executors, or guardians for children, is also frequent with do-it-yourself wills. "They tend to cost the family a lot more money than it would have cost them to go to a solicitor in the first place," says Bark-Jones.

Finally, remember that it makes things easier for everyone if you keep the will somewhere secure but where it can be found easily, and destroy out-of-date wills to avoid confusion. Keeping a list of bank and building society accounts, insurance policies and investments somewhere accessible is also a good idea.

■ The Royal National Institute for Deaf People has a free booklet and information service on will-making for deaf people. Contact the RNID, 105 Gower Street, London WC1E 6AH, tel. 071-387 8033.

Action for Blind People has a cassette on the subject: write to 14-16 Verney Road, London SE16 3DZ, or telephone 071-732 8771.

Who gets what

IF YOU DIE without a will, who gets your money and your property? For those living in England and Wales, the situation is this if you are:

■ *Single (including divorced, widowed or co-habiting) with no children*

If one or both parents are alive, they inherit. If both are dead, then brothers and sisters or their children inherit. If there are none, then half-siblings followed by grandparents, aunts or uncles, then any other relatives. If no close relatives can be found, efforts will be made to find more distant ones but, if this fails, the estate goes to the state.

Unmarried partners and friends do not get anything if you die without a will. If you die before a divorce has been finalised, your spouse still has a claim on your estate.

■ *Single with children*

The estate goes in equal shares to your children or, if any are dead, their children in equal shares.

■ *Married without children*

At present, the spouse will receive the first £125,000 of the net estate, plus one half of the rest. The other half goes to the parents or siblings, or other relatives as above.

■ *Married with children*

The spouse gets the first £75,000 and a life interest in half the rest, which passes to the children when he or she dies. The children get the other half.

Earlier this year, the Lord Chancellor announced that the portion of the estate kept by the spouse would be increased to £200,000 for childless couples, and £125,000 for couples with children. But no date has been set for this.

Children are in the same legal position whether legitimate, illegitimate or adopted, but step-children are not counted as yours for inheritance purposes unless you have adopted them legally or named them in a will.

The rules for Northern Ireland are similar to those for England and Wales, with £75,000 and £125,000 going to the spouse depending on whether there are children. But if there are children, rather than the spouse receiving a life interest in half the residue, all of this is divided up equally between the surviving spouse and the children. There are other minor differences.

The situation in Scotland is markedly different, as various elements of the estate are categorised separately and the spouse has an entitlement to these up to various limits. Children may inherit a greater share of the estate.

FINANCE AND THE FAMILY

Star turn for the BES

ACTRESS Serena Scott Thomas, known best for her recent portrayal of the princess of Wales in *Diana: Her True Story*, is expected to take the role of a drug-addicted aristocrat pursued by a baseball bat-wielding gangster in a new film to be financed by a business expansion scheme.

Moor Street Films is seeking to raise £750,000 from private investors to make the film, which has a total budget of £1.2m and is to be promoted by Movie Screen Entertainment. The company hopes to generate extra money by making an original soundtrack album, to be released through PolyGram.

There is no guarantee or cash backing attached to the scheme; once the net revenue is sufficient to cover investors' original subscription, revenue will be used to make deferred payments for expenses incurred during the production process. Once these have been met, investors will receive 35 per cent of further net revenue.

The directors intend to wind up the company up after five years and distribute its assets. The offer closes on November 12 and the minimum investment is £500. Those who invest at least £1,000 will be invited to a special screening of the film and a VIP reception.

Serena Scott Thomas: from princess to drug addict

Johnson Fry is sponsoring another entrepreneurial assured tenancy BES – Capital Prime Properties Plus II, which aims to raise £5m to invest in residential property in central London.

Johnson Fry estimates that the gross annual yield on the property portfolio should be more than 11 per cent. There is no arranged exit; alternative exit routes may be selling the company as a going concern, amalgamating it with other companies, or liquidating its assets.

Those who invest before October 29 can buy shares at 96p, while those who get in before November 30 will pay 98p. Thereafter, purchasers must pay the full price of 100p. The minimum investment is £3,000.

Cavendish Kerrington is a similar assured tenancy BES, sponsored by Smith & Williamson Securities, using the Kerrington Team of property managers which has been involved in four other BES companies.

The new scheme aims to raise up to £5m to buy and refurbish small blocks of residential properties, mainly in the north and west of London, to be let under assured tenancies. There is no arranged exit. Subscribers before October 29 will pay 96p per share rather than 100p. The minimum investment is for 1,000 shares.

Nucare is a trading company BES which is trying to raise £750,000 to establish itself as a support company to help independent pharmacies in bulk buying, marketing and developing own-brand products. It will be on similar lines to organisations such as NISA and Costcutter, which operate in the independent grocery market. There is no arranged exit and the minimum investment is £2,000.

Bethan Hutton

News in brief

Society to pay compensation

ALLIANCE & Leicester is to pay compensation to 50 investors following a ruling by the building societies ombudsman. All had money in obsolete Gold Plus accounts between October 1990 and March 1991 when they could have been earning higher returns in other accounts with the society.

The ombudsman found that the investors had no way of telling their accounts had been closed to new investors, and interest rates up to 1.4 percentage points higher were available on similar accounts. The society has now agreed to pay compensation based on the difference in interest for those six months.

The ombudsman recommends that societies should let savers know about changes to accounts, new products and the interest rates available through a combination of personal notification to investors, notices in branches, advertisements in the press, individual notification by branch tellers, or inclusion of information with account statements.

The Alliance & Leicester now posts notices about account changes in branches, and puts advertisements in newspapers, but does not notify savers directly because of the cost.

The Nationwide society was the subject of a similar ruling last year. Most societies have now complied with the ombudsman's minimum recommendations for informing customers of new accounts, but few notify customers directly if their account has been made obsolete. Building society savers should keep a sharp eye out for notices when they visit a branch.

***

□ Northern Rock building society has launched a guaranteed equity bond which offers basic-rate taxpayers 108.75 per cent of the rise in the FT-SE 100 index, or their money back. Higher-rate taxpayers will receive 87 per cent of the rise in the Footsie; non-taxpayers will receive 145 per cent. As is usual with these products, investors will get no credit for the dividend yield on Footsie. Withdrawals are allowed after three or four years, with a lower return. Minimum investment is £1,000.

***

□ The Nationwide has revamped its range of fixed-rate mortgages. Rates range from 5.99 per cent (apr 8.0) for two years for first-time buyers, to 8.95 per cent (apr 9.3) fixed for 10 years. Mortgages are available on an endowment or repayment basis, and borrowers do not have to buy any insurance products, except for first-timers borrowing more than 90 per cent who must purchase mortgage payment cover. Maximum available loans vary from 85 to 95 per cent and booking fees are between £95-£300. Early redemption penalties vary from three to 10 months' interest.

***

□ Applicants for shares in the recently launched Fleming Chinese investment trust will receive fewer than they had hoped because the issue was 2.7 times oversubscribed. It raised the planned total of £60m through placements and the public offer.

All applications in the public offer have been scaled back: investors who wanted to buy the minimum 1,500 shares will receive 1,000, while those who wanted between 10,000 and 25,000 will get 2,900. Applicants for more than 30,000 have been allotted between 10 per cent and 4.6 per cent of what they wanted. Share and warrant certificates, and return cheques, will be posted to investors on October 18. Dealing in the trust starts the following day.

■ The article on futures funds in the "Speculator" series will appear next week.

Trusts aim to tap zest for equities

TWO NEW investment trusts are being launched as evidence continues to grow of private investor enthusiasm for equities. Johnson Fry is producing a second version of the utilities trust it floated earlier this year, while Abtrust is the latest group to offer an emerging markets fund.

The Johson Fry Second Utilities trust will, like its predecessor, have a split capital structure and will invest in companies in the fields of gas, electricity, telecommunications and so on. It will have two classes of share: ordinary and zeros. The zeros will earn no income but will receive a fixed rate of capital growth; the gross redemption yield has yet to be decided but will be around 8.25 per cent.

The ordinary shares will receive all the trust's income and the capital growth after the zeros have been repaid. The initial gross dividend yield will be 8 per cent, paid quarterly; and the shares will be available in personal equity plan form. The annual charge on the Pep will be £30 (including VAT); this reduces the gross yield to 7.5 per cent on a full £6,000 investment.

If the assets and income of the trust fail to grow over its 10-year life, the ordinary shareholders will face a capital loss; that will reduce the gross yield to 1.8 per cent. But if assets and income grow by 5 per cent a year, the yield will be 10.7 per cent.

Up to 102m ordinary shares and 48m zeros are available at 100p each. The initial expenses of the offer will be 4.2 per cent and the annual management fee 0.5 per cent. Minimum investment is £3,000 and there is a share exchange scheme for those with a portfolio of privatised shares.

Abtrust is hoping to raise £50m to invest in emerging markets in Asia, Europe and Latin America; £27.5m of shares have already been placed with institutions. Shares are on offer at 100p each, with warrants attached on a one-for-five basis. The annual management fee is 1.2 per cent and the initial expenses 4 per cent. Minimum investment is £2,000.

Philip Coggan

The Week Ahead

ON MONDAY Farnell Electronics, the Harrogate-based electronic components and equipment manufacturer and distributor, is expected to report interim pre-tax profits of about £18.5m, against £15.4m before exceptionals in the year-ago period. The results will be the first for Howard Poulson, Farnell's new chief executive, who arrived in August from Volex.

SmithKline Beecham, the Anglo-American healthcare group, reports third-quarter profits on Tuesday. Analysts expect pre-tax profits of about £300m, up 12 per cent on the £267m achieved during the same period last year. The results will be affected by the sale of consumer products to Sara Lee and restructuring charges. Underlying pharmaceuticals growth is expected at between 8 and 10 per cent, but analysts will be looking carefully at the impact of reforms in Italy and Germany.

Also on Tuesday, Wolseley, the heating and plumbing distributor, is expected to report preliminary pre-tax profits of about £110m for the year to end July 31, up from £91.3m last year – a figure which surprised analysts who had been expecting £70m.

Smiths Industries, the aerospace and specialist engineering group, is likely on Wednesday to report annual profits only marginally increased from last year's total of £102m. Once again, delays in defence procurement and reductions in civilian aircraft programmes will be partly offset by the strength of the group's medical products side.

Albert Fisher, the food processing and distribution group, is expected on Thursday to report a drop in pre-tax profits from £52m to about £48 in the year to August. Stephen Walls replaced the group's founder, Tony Millar, as chairman last year after a traumatic year for the former stock market favourite. Walls will be quizzed about the state of the fresh produce market in Europe and the US, as well as any plans for disposals or acquisitions.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
AB Consulting	50	48	40	5.32	WSP
Assoc Fisheries	189§§	159	124	8.73‡	Linton Park
Bennett & Fountain	2*	2¾	4	2.10	Marlowe
British Syphon	97	85	95	32.80	Graystone
P-E Intl. ‡	71½	73	65	15.64	Cray Elect
Watts Blake	420*§	425	391	87.33	Sibelco
Whitbread Inv Co	751	742	690	473.86	Whitbread

*All cash offer. ††Value of bid based on 30% stake. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 15/10/93. §§Shares and cash. †Value of bid based on remaining 20% of shares. ‡Value of bid based on remaining 25% of shares. ‡ Figures all quoted in Irish currency.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Attwoods	Misc	Jul	33,100	(27,200)	8.86	(7.96)	5.6	(5.0)
Countyglen	N/A	Apr‡	489 L	(264)	-	(-)	-	(-)
Essex Furniture	Strs	Jun	1,090	(727)	6.23	(5.03)	3.5	(2.75)
Highland Distillers	B&D	Aug	38,800	(28,700)	20.1	(15.1)	6.8	(6.0)
Lucas Industries	Mtrs	Jul	50,300	(22,500)	4.3	(0.8)	7.0	(7.0)
Maunders (John)	C&C	Jun	3,840	(4,230)	10.36	(11.52)	5.15	(4.95)
Quiligotti	BdMa	Mar	3,300 L	(1,830 L)	-	(-)	-	(-)
St Ives	PP&P	Jul	22,100	(21,080)	15.2	(15.2)	5.5	(5.25)
Scottish Asian Inv	N/A	Jul†	227.0	(137.0)	-	(-)	-	(-)
Sinclair (William)	Misc	Jun	3,820	(4,610)	12.2	(8.3)	7.0	(7.0)
Tay Homes	C&C	Jun	3,090	(4,850)	9.5	(13.6)	5.85	(5.85)
Thorntons	FdRe	Jun	4,800	(9,200)	-	(9.9)	3.65	(3.65)
Town Centre Secur's	Prop	Jun	8,040	(7,250)	5.59	(5.12)	3.4	(3.1)
Trace Computers	Elec	May	211	(502)	1.12	(2.87)	1.45	(1.45)
Wetherspoon (JD)	B&D	Jul	4,170	(926)	14.4	(5.8)	5.4	(2.4)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aminex	N/A	Jun‡	125 L	(60)	-	(-)
Anglo-Eastern Plnts	Plnt	Jun	1,300	(530)	0.5	(0.375)
Anglo St James	Prop	Jun	25 L	(39)	-	(-)
Barlows	Prop	Jun	202 L	(368 L)	-	(0.825)
BNB Resources	BsSr	Jun	344	(53)	1.6	(1.6)
Body Shop Intl	Strs	Jun	10,000	(8,300)	0.75	(0.66)
Boxmore Intl Jun	PP&P	Jun	2,720	(2,050)	1.25	(1.15)
Brown (N)	Strs	Aug♣	9,020	(7,440)	2.25	(1.95)
Chepstow Racecourse	H&L	Jun	141	(97)	-	(-)
Chillington Corp	Cngl	Jun	808	(319)	0.75	(-)
City of Oxford Inv	InTr	Sept	38.5	(17.6)	1.2	(-)
Clinton Cards	Strs	Jul	958 L	(1,290 L)	1.6	(1.5)
Cohen (A)	M&MF	Jun	38	(496)	-	(-)
Computer People	Elec	Jun	364	(135 L)	-	(0.66)
Cooper Clarke Group	BdMa	Jun	204	(125)	-	(-)
Delyn Group	PP&P	Aug♣	142 L	(500)	0.5	(0.5)
Densitron Intl	Elec	Jun	251	(370)	0.5	(0.4)
Derwent Valley	Prop	Jun	1,120	(803)	3.05	(2.9)
El Oro Mining & Expl	OtFn	Jun	751	(1,120)	-	(12.0)
FR Group	Eng	Jun	10,400	(11,000)	2.46	(2.46)
Gates (Frank G)	Mtrs	Jun	1,150	(216)	-	(-)
Hi-Tec Sports	H&L	Jul	776	(2,800 L)	1.25	1.0
Hunting	Eng	Jun	17,700	(13,500)	4.0	(4.0)
Jackson Group	C&C	Jun	236	(987 L)	0.5	(0.5)
London & O'seas Frts	Trns	Sep§	1,560	(165 L)	-	(-)
Premier Health	Med	Jun	1,200 L	(285 L)	-	(-)
Quadrant	H&L	Aug	1,020	(12,500 L)	-	(-)
Radamec	Elec	Jun	335	(365)	0.5	(0.5)
Ross Group	Misc	Jun	602	(1,350)	0.2	(0.2)
Ryan Hotels	H&L	Jul‡	526	(51)	0.5	(0.5)
Seton Healthcare	H&H	Aug	3,180	(2,130)	1.9	(1.64)
Sindall (William)	C&C	Jun	619 L	(417 L)	-	(-)
Singsby (H C)	Eng	Jun	302	(28)	3.0	(2.0)
Smurfit (Jefferson)	PP&P	Jul‡	50,700	(60,300)	1.2306	(1.2306)
Tie Rack	Strs	Aug	872	(301)	-	(-)
Tudor	BdMa	Jun	240 L	(117 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ‡ Figures in Irish pounds & pence. § Figures in US Dollars and cents. ♣ Figures for 26 weeks.

RIGHTS ISSUES

Gloucester & Warwickshire Steam Railway is to raise £400,000 via a rights issue with shares priced at £1

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Abtrust is to raise £50m via an offer of shares at 100p.
BSM is to raise £32.1m via an offer of 19.83m shares at 170p.
Reflex Group is financing an acquisition via a placing of 845,036 shares at 63½p.
Virtuality Group is to raise £9.45m via a placing of 7.43m shares at 170p.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Air London International	BsSr	Thursday	1.6	1.9	1.8
Bridport-Gundry	Text	Friday	1.5	2.6	1.5
Butlers	Misc	Thursday	-	-	-
Castle Communications	H&L	Wednesday	4.0	4.5	4.0
Contra-Cyclical Inv Trust	InTr	Thursday	-	-	-
Cooper (Frederick)	M&MF	Wednesday	1.5	0.5	0.7
Ewart	Prop	Monday	0.25	0.50	-
Fisher (Albert)	FdRe	Thursday	1.85	1.9	1.85
Five Oaks Investments	Prop	Monday	-	-	-
Gleeson (MJ) Group	C&C	Thursday	3.35	9.4	3.35
IMC Industries	H&L	Tuesday	-	-	-
London International	H&H	Thursday	3.2	6.35	-
London & Strathclyde Trust	InTr	Monday	1.5	4.25	1.6
Lowland Investment Co	InTr	Monday	3.0	3.5	3.2
McKechnie	Otin	Tuesday	5.0	9.75	5.0
MY Holdings	PP&P	Monday	0.25	0.75	0.25
Paterson Zochonis	H&H	Tuesday	2.25	9.2	2.35
Smiths Industries	Eng	Wednesday	4.1	7.16	4.3
UDO Holdings	Misc	Wednesday	1.94	4.76	2.07
Usborne	FdMa	Friday	0.1	0.3	0.2
Waste Management	Misc	Monday	-	-	-
Whitney Mackay-Lewis	Prop	Wednesday	-	-	-
Wolseley	BdMa	Tuesday	3.1	9.45	3.55
INTERIM DIVIDENDS					
Abtrust New Thai Inv Trust	InTr	Monday	-	1.0	-
Airflow Streamlines	Mtrs	Thursday	1.0	2.0	-
Alexandra Workwear	Text	Wednesday	1.8	2.0	-
Anagen	H&H	Monday	-	-	-
Berry Birch & Noble	InBr	Wednesday	2.0	3.3	-
Boot (Henry) & Sons	C&C	Tuesday	1.6	4.3	-
British & American Film Hldgs	Med	Wednesday	3.8	8.25	-
Bulgin (AF) & Co	Elec	Tuesday	-	0.1	-
Chesterfield Property	Prop	Thursday	3.5	7.5	-
Edinburgh Investment Trust	InTr	Tuesday	2.85	5.55	-
English National Investment	InTr	Wednesday	5.0	11.2	-
Farnell Electronics	Elec	Monday	2.8	3.4	-
Ferguson International Hldgs	PP&P	Thursday	4.25	8.25	-
Fleming Contl European Inv	InTr	Thursday	-	2.7	-
Fleming European Fledgling	InTr	Wednesday	-	0.15	-
Forward Technology	Elec	Wednesday	-	-	-
Gartmore American Securities	InTr	Tuesday	1.0	1.0	-
Govett Oriental Inv Trust	InTr	Tuesday	0.4	0.55	-
Gresham House	InTr	Friday	-	-	-
Havelock Europa	C&C	Wednesday	-	-	-
Hoare Govett Smaller Co's Ind	InTr	Wednesday	-	-	-
Jerome (S) & Sons	Text	Tuesday	-	-	-
London American Growth Trust	InTr	Friday	-	-	-
London Atlantic Inv Trust	InTr	Thursday	0.78	2.29	-
New Throgmorton Trust	InTr	Thursday	-	-	-
Nokia	Elec	Friday	-	-	-
Ocean Wilsons Holdings	Trns	Thursday	1.0	3.0	-
Parkland Textile	Text	Thursday	1.0	1.0	-
RIT Capital Partners	InTr	Wednesday	-	1.15	-
River & Mercantile Geared Tst	InTr	Thursday	-	-	-
St James's Place Capital	OtFn	Wednesday	1.5	1.5	-
Smithkline Beecham	H&H	Tuesday	2.533	-	-
Value & Income Trust	InTr	Friday	1.8	1.8	-
Venturi Investment Trust	InTr	Monday	-	-	-
Wensum	Text	Wednesday	0.675	1.25	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

Elderly face costs blow for home care

Your lifetime's savings could be in danger, warns ***Bethan Hutton***

Home comfort in the twilight years – but new government rules could prove costly for those in need

PEOPLE ARE living longer these days, but increasing numbers need to spend their last few years in nursing or residential homes. Such accommodation is expensive, and, at £400 or more a week for nursing home care, can quickly eat up a lifetime's savings, including the capital tied up in a house.

A letter in our Q & A Briefcase column two weeks ago touched on this subject, since when we have received many letters. The Care in the Community Act, which came into force in the UK in April this year, requires that anyone needing residential or nursing home care must contribute to its cost if they are able to. If the person has more than £8,000 in savings or capital, they are obliged to meet the full cost until the savings have been reduced to £8,000, and then a proportion of the costs until they have only £3,000 left. Anyone with less than £3,000 does not have to contribute.

There has been much confusion since the act came into force over the treatment of the value of a person's home. If the person going into care owns his or her own home, its value will be assessed as capital. Local authorities cannot force the sale of the house, but they can have a legal charge put on the property, so that when it is eventually sold they can claim some or all of the proceeds.

However, the regulations lay down that if the spouse or another relative aged over 60 or incapacitated lives in the property, its value has to be disregarded. Age Concern is worried that some local authorities appear to be applying this wrongly and are including the home in the assessment whether or not the spouse still lives there. If this happens, you should first make a formal complaint to the council, then contact the local government ombudsman.

Many elderly people wonder about transferring ownership of the property to the children so that its value cannot be eroded by care fees. However, if a local authority suspects that assets have been disposed with the intention of avoiding charges, they can pursue both the person who disposed of the assets and the person or people who received them, with no time limit. A court would decide what the intention was.

Some local authorities are also automatically including the spouse's separately owned assets and savings in the assessment for the partner needing to go into a home. This is not allowed under the act. A "liable relative" provision allows for a spouse to be asked to agree to contribute. If they do not agree, they could be taken to court for it to assess what a reasonable contribution would be.

The partner who is not in care does not have to fill in a form when his or her partner is assessed. Partners should also be wary of signing declarations of liability for their spouse. Unmarried couples have no liability for each other, but again some councils have been using forms which refer simply to a "partner's" savings or income.

Age Concern says that the misapplication of the rules may be partly because some council employees carrying out assessments have not received adequate training, and have not had access to the Department of Health's guidance.

Another area of difficulty is that for many couples, their main income is the husband's occupational pension. If he needs to go into a nursing home, the entire pension is assessed as his, with no allowance for the fact that his wife also depends on it. Unfortunately, this is correct according to the law.

However, local authorities do have discretion to increase the amount of personal allowance deducted from a person's income before the rest is used to pay fees. This discretion could be used to allow the husband to support his wife at home while he is in care.

Some of our readers have expressed concern that other relatives, such as sons and daughters, could find their own income, savings and property being taken into account to support elderly relatives in residential care. Under the act, relatives are not obliged to contribute towards nursing home fees, even if they were sharing their homes with the person going into care. They cannot be means-tested.

However, before a person can be admitted to a home under the Care in the Community Act, the local authority has to assess their needs. If it feels that someone is being adequately looked after where he is, it can refuse to assess him as needing nursing home care, even if the carers feel they can no longer cope. This may give carers no alternative but to pay nursing home fees.

Also, the local authority is not obliged to pay in full for a person in a home which charges more than its "usual fee" – the amount it would normally expect to pay for a place in a home with a standard of care appropriate for a person with those needs.

If you choose a home which charges more than the usual fee, when a cheaper place was available, you are obliged to find some way of making up the shortfall. This often involves asking relatives to pay the difference. The local authority's "usual fee" has to be set in relation to actual fees in its area; if you think it is unreasonably low, you can complain.

A survey of pensioners published by Eagle Star this week found that 70 per cent had made no financial provision for care they might need in future. Fewer than a third had any idea how much it would cost to be cared for in their own home or in a private nursing home.

Many insurance companies now offer long term care insurance, which will cover the cost of nursing home care once you become incapacitated, but this is not available to the people in most imminent need. The market for such insurance is likely to grow as more people see their parents or other relatives experience the financial consequences of needing nursing home or residential home care.

International bond funds

Rally goes on

INVESTORS in international bond funds have had a terrific year. As the table shows, the average bond fund returned 19.7 per cent over the 12 months to October 1 (offer-to-bid with net income re-invested), streets ahead of even the best building society account.

And the last year was only a continuation of a three-year rally which has allowed international bond fund investors to earn an average return of 59.2 per cent.

Substantial falls in inflation, and in short-term interest rates, have helped. But the performance of international bond funds has also been boosted by sterling's decline against most major currencies.

Anyone contemplating an investment in an international bond fund should be aware that the combination of favourable factors seen so far in the 1990s might not continue. Inflation and interest rates could rise again; the pound could rebound in value.

One factor which could keep attracting investors to international bond funds, however, is that yields are only marginally below those available on UK funds. The average for the international sector is 5.56 per cent; for the UK, 5.85 per cent.

Investors should not assume automatically that the higher the yield, the more attractive the fund; income could be in the process of being bought at the expense of capital growth.

The highest yielding fund in the sector on October 1 was Guinness Flight EMU; but, in terms of total return, it ranked just 22nd (out of 25) over the year.

Another Guinness Flight fund, Global High Income, was top of the sector over the past year. Manager Philip Saunders says the fund, which invests in high-yielding government debt, has benefited from its substantial holdings of Italian and Spanish government bonds.

Charges vary between 1.5 and 3.5 per cent initially (depending on size of investment) and are 0.75 per cent annually. The minimum investment is £1,000.

CU PPT Global Bond trust (the CU stands for Commercial Union), while eighth over the one-year period, is top of the sector over both three and five years, with returns of 72.7 per cent and 76.1 per cent respectively.

The charges are 6 per cent initially and 0.75 per cent annually; minimum investment is £500.

Since, over the long term, equities tend to outperform bonds, these funds should be considered primarily by income-seeking investors. Over the past 10 years, the average international fixed-interest fund was up 182.3 per cent; UK equity general funds rose an average 308.4 per cent.

Philip Coggan

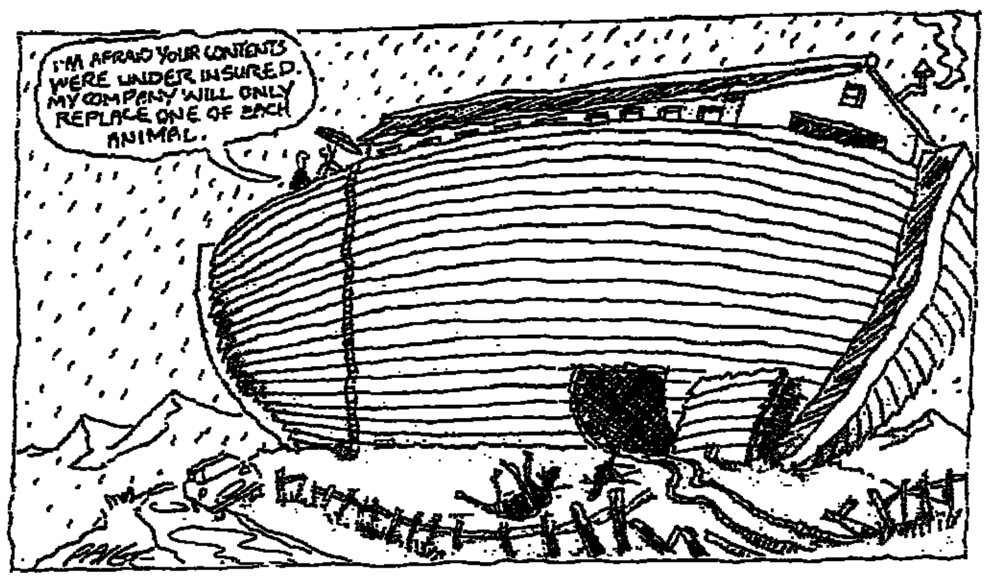
Top 10 performing international bond funds

Fund	Size (£m)*	Yield* (%)	Perf*
Guinness Flight Glb High Inc	14.0	7.8	32.1
Invesco Int'l Bond	4.4	5.9	29.2
Newton Int'l Bond	5.0	7.3	25.8
Beckman Int'l	54.5	2.8	23.4
Baring Global Bond	176.8	5.3	23.1
Cannon Int'l Curr Bond	30.3	5.7	20.8
Norwich Int'l Bond	33.1	4.9	20.8
CU PPT Global Bond	7.4	5.9	20.5
Sun Alliance W'ldwide Bond	9.0	5.3	20.4
Perpetual Global Bond	89.0	6.2	19.9
Sector average	31.8	5.6	19.7

Source: Micropal # As of October 1 * Offer-to-bid with net income reinvested over year to October 1. Funds without 1 year record are excluded.

After the deluge, the shocks

Inadequate insurance could cause companies to scale down damage claims



AUTUMN HAS once again proved to be the season not of mists but of storms, floods and insurance claims. But a number of the people now mopping up and inspecting the damage ruefully after this week's deluge could get an unpleasant surprise when it comes to having their claim assessed.

If the company decides you have been under-insured – that is, you have not been paying enough to cover all your possessions – it can scale back the amount it pays, or pay out only on an indemnity basis rather than new-for-old.

Most companies now offer a choice between "sum insured" and bedroom-rated policies. A sum insured policy means you have to calculate how much your possessions are worth altogether, and insure for that amount. But many people use *only a rough estimate*, which can be very inaccurate.

Unfortunately, working out if you are insured for the right amount is a time-consuming business. You must go through each room, making a list of every item and how much it is worth (whether at replacement or *new-for-old* levels).

With some items, such as jewellery and antiques, it could pay you to obtain a professional valuation, but that sort of service rarely is free. Expect to pay 1 or 2 per cent of the value of the items, and there is usually a minimum of £20 or £30.

With a bedroom-rated policy, the company fixes a standard maximum sum insured for your type of home and number of bedrooms, based on its experience of typical home contents.

An average three-bed semi-detached house would usually have a maximum of about £30,000. Both types of policy *will have a limit for single* valuable items such as jewellery or antiques.

Bedroom-rated policies have been popular recently. They save people the bother of valuing everything they own, and the standard figure should mean most people are not under-insured. But it is still worth making a rough assessment of your own; you could be surprised by the figure you reach.

Insurance is intended to cover the cost of replacing *everything* in your home if it should be destroyed – from carpets and furniture to bed linen and crockery and not just the obviously valuable stereos and silver which are most likely to be *stolen*.

If you calculate that replacing what you have would cost more than the fixed limit, you should think about getting a sum-insured policy instead or, if you have valuable antiques or artworks, a specialist high-value policy.

A bedroom-rated policy could be money wasted if you have few possessions, because you pay the same premiums as someone owning far more. Some insurers now offer minimalist policies with a low sum insured. These cater particularly for people in small, inner-city flats, which can be difficult to insure, or for elderly people in sheltered housing.

Insuring too high or too low also can be a problem with buildings cover. Your sum insured *for buildings is based* on the cost of re-building the property, not its market value.

This means that old or unusual buildings may have to be insured for more than those of a standard type, even if their market *values are the same*. You might not re-build such a property identically, but repairs to old or listed buildings can be more expensive than normal.

The Association of British Insurers produces an annual guide to re-building costs for property in England and Wales.

While this gives a reasonable estimate for the most common types of house, it does not cover stone, wooden, thatched or prefabricated *houses*; houses with more than two stories; or flats. You would need to get a surveyor to estimate the re-building costs for such properties.

If you think the buildings sum insured for your house is too high or too low, contact your insurer, who should be able to adjust it.

Bethan Hutton

What to do if you're flooded

THE ASSOCIATION of British Insurers has published some guidelines on how to cope with floods, minimise the damage, and ensure your insurance claim can be processed smoothly.

- **If a flood seems imminent, move as much as possible to upper floors including food, clothing, drinking water, battery radio and torch.**
- **Put sandbags in front of doors and air bricks.**
- **Do not use gas, electricity or tap water until you are told it is safe.**
- ***Once the water has subsided, leave windows,* doors and cupboards open and lift one or two floorboards to allow air to cirulate. Pull furniture away from walls and keep rooms heated. Check the building for new cracks.**
- **If temporary repairs could prevent further damage, go ahead as soon as possible, rather than waiting for the insurer to approve.**
- **Do not throw away anything damaged irreparably for which you might need to claim: the insurer could want to see it.**
- **Keep all receipts for repairs, temporary accommodation and so on. These also will help to back up a claim.**
- ***Many insurers have emergency telephone* helplines. Check your policy documents for a number.**

New issues get wider airing

PRIVATE investors often are keen to invest in new issues, writes Philip Coggan. Apart from getting in on the ground floor of a developing *company, there is the chance* to make a quick profit if the shares move to a premium.

Often, though, it is difficult to find out about new issues in time. Many companies come to the stock market via a placing, with only institutions or the selected clients of a few brokers getting the chance to buy shares. By the time small investors hear about it, the shares have moved to a premium in the after-market.

Earlier this year, we reported on one scheme, the New Issue Register, which was designed *to get round this problem. Now* Sharelink, the Birmingham-based stockbroker, is launching Sharefinder, a service which will include a New Issues Bulletin published six times a year with details of present and future new issues. A telephone hotline and special application service will also be available for those who want to buy shares in the issues covered. The package costs £25 a year. For details, ring 021-236 2126.

Meanwhile, the New Issue Register has produced its own *journal*, the *New Issue* Reporter, with details of companies coming to market. Those who join the register will be asked to pay a £75 fee once they have been offered the chance to invest in an issue. Further details from the New Issue Register, Butler's Wharf Business Centre, 45 Curlew Street, London SE1 2ND.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	6.40%	Yly
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	6.70%	Yly
Birmingham Midshires BS	First Class	0902 645700	Postal	£10,000	6.85%	Yly
Bristol & West BS	Balmoral	0800 100117	Postal	£25,000	7.15%	Yly
NOTICE A/cs and BONDS						
Northern Rock BS	Ninety Day	091 285 7191	90 Day	£5,000	6.75%A	Yly
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£10,000	7.35%	Yly
Scarborough BS	Scarb'gh Ninety 3	0723 368155	90 Day	£25,000	7.65%	Yly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	8.00%B	Yly
MONTHLY INTEREST						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.94%	Mly
Britannia BS	*Capital Trust*	*0538 391741*	Postal	£5,000	6.45%	Mly
Bristol & West BS	Balmoral Monthly	0800 100117	30 Day	£25,000	7.55%	Mly
Chelsea BS	Base Rate Plus	0800 272505	2.1.95	£5,000	7.73%B	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	8.05%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 742211	5 Year	£3,000	7.90%	Yly
Dudley BS		0384 231414	5 Year	£10	7.87%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.85%	Yly
				£25,000	6.85%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.93%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	*Instant*	*£500*	*6.25%*	Yly
Confederation Bank Jersey	Flexible Investmt	0534 608060	60 Day	£10,000	6.75%	½Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.80%	Yly
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	6.70%E	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.65%	Yly
Consolidated Life FN		081 940 8343	2 Year	£2,000	5.00%	Yly
Prosperity Life FN		0800 521546	3 Year	£15,000	5.55%	Yly
Consolidated Life FN		081 940 8343	4 Year	*£2,000*	6.00%	Yly
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%G	Yly
	Income Bonds		3 Month	£2,000	7.00%H	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. A = 0.5% bonus if no withdrawals per annum. B = Rate guaranteed to be at least 2% above base rate (Min 8%) until 2.1.94 and then 1% above base until maturity. E = Rate guaranteed until 1.12.93. G = 6.5 per cent on balances of £25,000 and over. *H = 7.25 per cent for balances of* £25,000 and over. I = 6.74 per cent on balances of £20,000 and over. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.

Readers can obtain a complimentary copy by phoning 0692 500677.

S&P fund offers 4%

SAVE & Prosper is launching a monthly income personal equity plan designed to offer investors a tax-free yield of 4 per cent a year. It will invest in four of S&P's unit trusts: Scotyields (30 per cent), Income (25 per cent), High Return (20 per cent), and Smaller Companies Income (20 per cent).

The remaining 5 per cent of investors' money will be kept in a cash fund, which will earn interest. Distributions from the unit trusts will be fed into this fund, which will then pay out income in a series of 12 level payments. Each year, the amount of income will be reviewed.

Obviously, the maximum tax-free income investors can earn through this plan is limited by the Pep regulations, which allow only £6,000 to be invested in a plan in any tax year. A 4 per cent yield on an investment of £6,000 implies a monthly income of just £20. But since the plan is an equity investment, savers should expect the level of income (and indeed the value of their capital) to grow over time.

How much growth the plan can produce is open to question, given the less than impressive performance record of the four trusts concerned. Both High Return and Scotyields had a below-average performance in the UK equity income sector over the one, three five and 10 year periods to October 1. (Indeed, High Return was next to last in the sector over the three and five year periods.)

Smaller Companies Income has an above-average record in its sector over 10 years (10th out of 25 funds) but is below average over one, three and five. The Income fund has done well in its sector (UK Balanced) over the past year, finishing third out of 36 funds. But over the three, five and 10 year periods, it is close to the bottom of the sector. So, investors need to take on trust that S&P can improve the performance of the funds.

Julian Tregoning, S&P's investment division director, points out that he appointed a new head of the UK equity desk, Michael Ashbridge, last October with the target of ensuring that 50 per cent of the group's UK equity funds were above the median. Tregoning says Ashbridge has met the target, and all but one of the group's UK funds have outperformed the All Share over the period.

The minimum investment in the plan is £3,000. The initial charge on each fund is 5.5 per cent (there is a 1 per cent discount until November 5) and a 1.25 per cent annual charge.

The plan is also available in non-Pep form, allowing investors to put in more than £6,000. For amounts above that level, a 2 per cent discount applies until November 5.

P.C.

Unit trusts

Mercury puts its faith in blue chips

THE NAME British Blue Chip conveys an air of solidity. That is certainly the aim of Mercury Fund Managers, which sees the fund as the flagship of its unit trust range.

The trust has been run by Barry Woolf, the investment director of MFM (a division of Mercury Asset Management), since June 1992. He stresses that investment at MFM is a team effort, and adds: "The record of the trust is 75-80 per cent due to the team and 20-25 cent to the individual."

Woolf says the effective launch of the trust was in May 1987 when the merger of the various components of the Mercury group led to the conversion of the old Colemco trust into a blue chip fund.

To Mercury, "blue chip" means companies with a market capitalisation of £1bn and above. Accordingly, around 90 per cent of the portfolio tends to be invested in stocks in the FT-SE 100 index. "Since any UK investor would want to hold the bulk of their investment in such stocks, we see this as a core equity fund for private investors," says Woolf.

The fund is relatively concentrated, typically holding around 45-50 stocks. Since it is invested in large company stocks, there is no liquidity constraint; the portfolio could easily grow sharply from its present £200m without Mercury having any problems in buying the shares it wants.

Investment strategy flows from a group overview about

'We take the view that recovery in the UK will be a slow process'

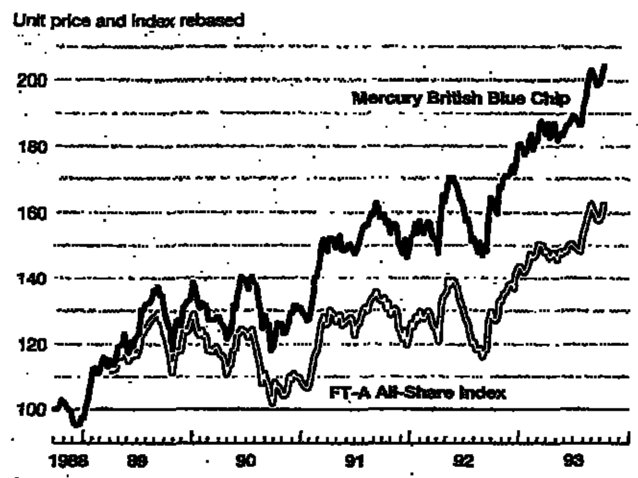
the prospects for various individual sectors; stocks are then selected within that sector framework. "We are prepared to take quite significant bets on individual sectors," says Woolf.

As of October 1, the sector breakdown was: consumer groups (38 per cent), financials (22 per cent), others (16 per cent), capital goods (15 per cent), cash (5 per cent) and oil & gas (4 per cent).

"We take the view that the recovery in the UK is going to be a slow process," says Woolf. So, although the trust is overweight in capital goods, it is

Mercury British Blue Chip

Unit price and index rebased



Source: Datastream

invested mainly in "solid/high-quality companies" with a diversified range of products, such as GEC, BTR and RTZ.

Another sector which the trust has favoured is financials, because of the sensitivity to low interest rates of banks, insurance and property companies. Financials should also see the benefit of cost cutting programmes, and of a reduction in their bad debt problems.

Among the consumer stocks, the trust has stepped back from the high street stores and food retailers and has invested heavily in media and leisure groups. Woolf says he is encouraged by the number of UK companies which are demerging in order to enhance shareholder value, citing examples such as Rothmans International and Pearson (which owns the *Financial Times*).

In addition, he says the fund looks for companies with an above average dividend yield, where the dividend is well covered. "High-yielding shares with a low level of dividend cover may effectively be fixed interest stocks over the next few years," he argues; that is because of the minimal prospects for dividend growth.

The 10 largest holdings in the portfolio as of October 1 were: Zeneca, Shell, BTR, GUS, Pearson, Prudential, Glaxo, Sun Alliance, Rothmans International and TSB.

The trust has an excellent long term performance record, with growth of 87.9 per cent over the five years to October 1 (offer-to-bid with income re-invested: source *Micropal*). That places it eighth out of 118 funds in the UK equity growth sector over the period; as the graph shows, the fund has also outperformed the FT-A All-Share index over the same period.

Over three years, the fund is above average, ranking 54th out of 137. Only over the past year does the fund's relative performance slip, with the trust finishing 133rd out of 145 funds.

Woolf points out that this period saw a sharp rebound in small company shares with the All-Share Index outstripping the performance of the Footsie.

"The principle that I want to instil into the unit trust team is one which has led to the strength of our pension fund business," Woolf says. "If we can perform a bit above average on a consistent long term basis, we will always end up in the right part of the league table."

He believes the tide is turning once more in favour of blue chip stocks, and feels the market was undiscriminating in its race to buy smaller company and cyclical stocks. Now, it will become more choosy and start looking for quality companies.

■ Charges. The initial charge is 5 per cent and the annual is 1.5 per cent. At present, the bid-offer spread is around 6 per cent. Both accumulation and distribution units are available. Distributions are paid twice a year and the present yield is around 3.1 per cent.

Minimum investment is £1,000, or £50 a month via the savings scheme. British Blue Chip can be bought via a Mercury Pep with no additional charge, and the same minimum investment levels.

Philip Coggan

Legal battle over loans

TWO repossession cases, expected to reach court by the end of this month, are to be contested using a previously untried defence. The lender in the cases, believed to be National Home Loans, is seeking to recover properties on which the deferred interest mortgages it granted fell into arrears.

Trethowans of Salisbury, the legal firm representing the borrowers, intends to claim that the mortgages cannot be enforced because the deferred interest element in effect constituted a separate loan which should have been subject to the Consumer Credit Act.

Paul McDonnell-Staff, an Australian lawyer acting as consultant to Trethowans on these and other similar cases, said lenders generally claimed mortgages were exempt from the act under section 16 and various statutory instruments. But section 16 was notoriously complicated and difficult to interpret.

"In our view, it is limited to money loaned for the purpose of buying land and buildings or for home improvements," he explained. "We say you cannot apply that to cover a general purpose loan, which is what deferred interest mortgages often were."

McDonnell-Staff said Trethowans already had filed defences on this basis in about 20 county court cases involving home income plans where the deferred interest loans had been used to buy investment bonds. None has yet come to full trial, but he said many other solicitors and barristers had contacted the firm to support its view, and added: "If we are successful in using this defence, it will open Pandora's box."

He forecast that people who had been struggling to keep up payments on deferred interest mortgages might stop doing so if they saw a legally viable exit.

Because deferred interest mortgages were marketed most heavily late in the 1980s, many borrowers faced a steep rise in interest rates - sometimes, a doubling - after the period of deferment, typically five years. They also saw the market value of their property drop just when rolled-up interest increased their debt.

Centralised lenders – of which National Home Loans is one – and smaller building societies were the main sources of deferred interest loans. At NHL, where about 15 per cent of mortgages are deferred interest, spokesman James Fuller said the company was aware of the cases. "It would not be appropriate to say anything at the moment," he added.

At Mortgage Express, a spokesman said the company was quite comfortable with its position on deferred interest loans but would not reveal what percentage of its total book they represented.

At UCB Home Loans, marketing director Roy Battison said that up to half the company's £3bn mortgage book was in deferred rate lending.

"We are probably one of the biggest in the market for that sort of thing," he said, "But we have not been challenged and don't perceive we would have a problem if we were."

Barbara Ellis

FINANCE AND THE FAMILY

The art of thinking small

Neil Moore sets out some ground rules for investors

SMALLER companies are firmly back on the investment agenda. The theory is that the green shoots of recovery have appeared and that niche operations and short lines of communication, which became vices during the recession, have recovered their virtue. Restricted share marketability, which magnified investors' losses during four years of underperformance, could now sharply magnify the gains.

Well, perhaps. But investing in smaller companies is an art as much as a science. More accurately, it calls for an exercise of judgment beyond analysts' conventional number-crunching. Nonetheless, there are some useful rules.

Investment in any company begins with a look at the products and/or services that it offers. The smaller the company, the fewer the areas of activity and the more specific one's questions. Is demand for the product sufficiently large and growing? Will it continue to grow? What is the bargaining power of the supplier vis-a-vis the customer? How high are the barriers to entry for would-be competitors (for example, heavy capital investment, technical know-how)?

An ideal situation would be a company making an advanced component, the reliability of which is essential for the customer's end-product while forming only a small proportion of its total cost. That leads to wide and sustainable margins.

You then look at the company's financial position. Unfortunately, this is not as straightforward as you might think. Accountants have been described as people who would rather be precisely wrong than roughly right and this portrayal, while unkind, is not without foundation. A generation of creative accountants, pursued by successive exposure drafts and accounting standards, has left the ordinary investor bewildered.

Naturally, you look for balance sheet strength, hoping (or rather checking) that all the debts and similar obligations have been shown properly. And you look, too, for a progressive earnings-per-share growth record through all stages of the economic cycle – with comfortable (and ideally expanding) margins. But it is especially important to look at cash balances and cash flow.

Pay particular attention to the "Source and Application of Funds" statement and check that the company, having serviced its debt, paid its taxes and distributed dividends, has generated sufficient cash to replenish its capital and invest for future growth.

You can, of course, bend or break these rules – for example, if looking for recovery or turn-round situations. But, while the potential rewards may be great, so are the risks.

The next stage, appraising the quality of management, is the most tricky. A professional investor will visit the company, have face-to-face discussions with key staff, check internal reporting systems and financial controls, and ensure that the business plan is sound and that there are contingency arrangements. This is obviously impracticable for a private investor but it is a crucial part of the appraisal process.

Accordingly, as with any steps for which you lack the resources or the time, make the professionals work for you. Consult your stockbroker or other financial adviser and read the stock market commentators in the press. Decide the points that you wish answered and be sure the pundits have at least satisfied themselves on those scores.

So much for company analysis – how about stock market prospects? The main yardstick here is the price/earnings ratio. I have a personal rule of thumb. To avoid being carried along by extremes of fashion or exposed to unrealistic expectations, you should not buy a share with a p/e more than three-quarters the percentage annual earnings growth rate. This is no more infallible than any other yardstick but it could help to keep your feet on the ground.

One particular merit of smaller companies is that directors often have significant share stakes, ensuring a community of interest between management and investors. Thus, it is important to monitor directors' share dealings. Be wary if you see them selling: there might well be a humdrum explanation in an individual case (say, a tax bill) but sales from more than one director in the same company are a definite amber light.

Another word of caution – take any profits setback seriously , especially if apparently unexpected. The first piece of bad news is rarely the last. It is painful to sell after a significant fall in the share price, but it can be even more painful to hold on in such circumstances.

Finally, back to the question of risk. Individually, smaller companies are more risky than larger ones although, historically at least, not when in groups of sufficient number to provide adequate diversification. If you wish to hold shares in just one or two smaller companies, recognise that, while not quite on a par with putting your stake on the favourite in the 2.30 at Epsom, you are doing it as much for the interest and excitement as for the reward.

If you want a diversified portfolio and lack the means or opportunity to manage it yourself, study the form and choose a specialist smaller companies unit trust or investment trust from a stable of established pedigree.

Directors' transactions

A classic example

HOW CAN one avoid talking about Steel Burrill Jones, the insurance broker? It is such a classic example of just how accurate an indicator directors can prove, particularly when they deal in unison.

Back in April, a total of nine directors sold more than 1m shares at 234p. Of these, the largest sales were executed by directors who had received SBJ shares in consideration of their shares in an acquired company.

Interim results in September came as a nasty surprise to the market and, with the company slipping into the red, the shares were hit hard. Nevertheless, directors wanted to buy the shares again. In all, 10 directors purchased a total of 125,000 at 144p.

□ John Saville is chairman of J. Saville Gordon, a property investment company. One might expect him to have pinpoint accuracy when it comes to buying and selling his own shares. But history suggests that his timing could be a little less than perfect.

His most obvious aberration was to sell 1m shares at 32.5p in August last year – just before the price began to rise. Now, he has sold 500,000 at 60p each.

Colin Rogers,
the Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bilton	Prop	14,008	91	1*
Birse Group	C&C	100,000	29	1
Brammer	EngG	7,000	20	1
Dalgety	FdMa	9,000	45	1
Laporte	Chem	2,054	13	1*
Legal & General Grp	InsL	7,350	38	1
London & Manchester	InsL	54,645	210	1*
Low & Bonar	Pack	20,000	69	1
Macro 4	Elns	17,000	118	1*
Saville Gordon J	Prop	500,000	300	1
Sleepy Kids	Med	275,000	105	2
T & S Stores	Stor	101,700	153	3*
Taunton Cider	Brew	28,000	56	1
Time Products	BuSe	15,000	34	1
TT Group	EngG	100,000	308	1
PURCHASES				
N Atlantic Small Co	InTr	23,500	97	4
Quayle Munro	OthF	27,000	34	3
S Staffd'shire Wtr	Watr	2,000	31	1
Steel Burrill Jones	InsB	125,000	180	10
Whitegate Leisure	H&L	67,283	30	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 4-11 October 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

Can pay, won't pay

I HAVE AN endowment policy soon to mature. It was taken out on my life and was issued in trust for my four (now adult) children. The life company will pay out to me. I asked if it would pay out to my four children but, as I am alive, it said no.

Since the policy does not form part of my estate, I feel I can divide it between them with no restrictions. But my accountant tells me I cannot do this as it will be over the £3,000 I can give away in a year as an inheritance gift. Who is right?

□ It would appear from your letter that the proceeds of the policy will be payable to you. But the policy contains life assurance so that, should you die during its term, your children would receive the benefit of the insurance cover. Once you survive the redemption term, the proceeds will be payable to you. As regards the amount which can be gifted, you are able to give £3,000 during the year to April 5 1994. This will be a fully-exempt gift if you have made no others in the year. If you made none in the previous tax year, then you can give £6,000 from the proceeds of the policy.

If the proceeds exceed £6,000, then the balance will be potentially exempt on any gift you make and will become taxable only if you die within seven years from the date of the gift. Even then, however, the gift might fall within your nil rate band. Therefore, it is quite possible that no tax would be payable on the gift.

But if you do not survive for seven years, then, assuming that the gift falls within the nil rate band, the remainder of your estate could become taxable if it exceeds the nil rate band of £150,000.

Reply by Barry Stillerman of accountant Stoy Hayward.

Swiss miss?

IN THE *Weekend FT* of September 11/12, Peter Martin says of enhanced scrip dividends: "... This is one of those wheezes from which everyone gains, except the tax man and investment trusts..."

I live in Switzerland. As I understand it, such dividends are treated for UK residents as being net of a 20 per cent tax charge, while for foreign residents the dividend is effectively gross, as the nominal 20 per cent tax charge is not recognised in the same way as the tax credit associated with a normal dividend payment. Am I missing something, or am I effectively disadvantaged relative to a UK resident shareholder?

■ A UK-resident shareholder pays no tax on scrip in lieu of a dividend unless 125 per cent of the "appropriate amount in cash" (the market value of the scrip, broadly speaking), when added to his other income, brings him into the scope of either higher rate tax or age surcharge – in which case, the effective rate of tax on the "appropriate amount in cash" is 25 per cent (20 per cent on 125 per cent) or, in a simple case, 12.5 per cent (10 per cent on 125 per cent), respectively. The "appropriate amount in cash" is treated, for capital gains tax purposes, in much the same way as the cost of taking up a rights issue.

A non-resident shareholder similarly pays no UK tax on scrip in lieu of a dividend unless 125 per cent of the "appropriate amount in cash" brings him into the scope of higher rate tax or age surcharge (if he is a Commonwealth citizen or is otherwise entitled to age relief).

Under article 10(3)(a)(iv) of the Switzerland-UK double taxation convention, however, you would be exempt from higher rate tax on such a scrip issue so, to that extent, you have an advantage over a shareholder resident in the UK.

As you say, the notional 20 per cent tax deduction from 125 per cent of the "appropriate amount in cash" is not treated like the one-quarter tax credit associated with a real dividend: this is true for residents and non-residents alike.

Sharesave options

I HAVE two questions concerning sharesave schemes.

1. If the company becomes subject to a takeover, are the sharesave scheme shares included in the bid?

2. For capital gains tax purposes, are you deemed to have purchased the shares at the beginning or the end of the scheme?

■ 1. Not necessarily. Ask your tax office for the free pamphlets IR97 (SAYE share options) and IR98 (SAYE share option schemes: explanatory notes).

2. The shares are deemed to be acquired on the day on which the options are exercised. The cost of the options themselves (which is usually fairly small) is indexable from the day they were granted; the cost of exercising the options is indexable from the day they are exercised. Ask your tax office for the free pamphlet CGT13 (The indexation allowance for quoted shares); the pamphlet CGT14 (Capital gains tax: an introduction) might also be useful.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

MINDING YOUR OWN BUSINESS

Philip Bradbury with samples of his glass-etching craftsmanship

Trevor Humphries

Success in a fragile market

***Stephen Court** meets a glass-etcher who carved a niche in new areas*

PHILIP BRADBURY'S glass-etching business began in the sedate world of reproduction Victorian door panels. But he has had some bizarre and high-profile orders too, such as a glass map of the world made for the pop star Tina Turner. The map, measuring 8ft by 4ft, had electric lighting and cost £10,000. It showed all the places where the singer had given concerts during a recent international tour.

Then there was the ship-in-a-glass for a beer advert. As the pint was downed, so the ship appeared to sink. Bradbury has also decorated glass for the sets of the period British television series, *The House of Eliott* and *Lipstick On Your Collar*.

Although much of his bread-and-butter trade comes from the private housing market, Bradbury's business kept growing during the recession. Yet he wears the mantle of entrepreneur with diffidence. He says his main failing is that: "I approach business like an artist, and I don't use the tools available to business people, such as a marketing strategy."

The key, he finds, is in producing designs which are aesthetically pleasing, for a reasonable price. "I know what designs I like, and I think I am no different to most other people. We try to tune in to what the individual customer wants."

Allied to this is a lean business operation. Bradbury took a mortgage on his house to start the company. "Since then it has been self-financed. We haven't had to borrow a penny from the bank." He has between two and four employees, according to demand, and tries to keep a tight rein on employment costs.

Bradbury has been in the glass business for 17 years. He set up Philip Bradbury Glass seven years ago. "I was very interested in the technical challenge of etching glass, and was pleasantly surprised by the demand for it." He did not have a mortgage for his home, and borrowed £100,000 on the property.

'He once made a glass map of the world for pop star Tina Turner'

Most of that went into buying the leasehold of a shop in Finsbury Park, which doubles as showroom and workshop. The remaining £20,000 was put into equipment, such as a machine for sandblasting, which is the main technique he uses for etching glass. Turnover hit £83,000 in 1990-91 and exceeded £200,000 for the financial year to July 1993.

The Victorian reproduction work includes making panels of two panes and a fanlight – for exterior doors, costing under £200. The glass panels for star, or Oxford, frame interior doors are more complex but smaller, and cost up to £130. These have nine panes, with cobalt blue or ruby coloured glass in the sides and corners.

The amount of "new" work done by the company has been growing. The current ratio of "new" to "restoration" work is about 60:40. Signs, corporate awards, logos, gifts, advertising designs – the scope for etched glass is reassuringly wide.

Corporate customers have included British Telecom, Pepsi, Hertz and EMI. Much of the growth has been by word of mouth. In spite of the diffidence about conventional business techniques, Philip Bradbury Glass is in the Yellow Pages business directory and the Building Conservation Directory, and advertises in magazines catering for the period housing market. He has just introduced a work station for computer-aided design work and is planning to extend the workshop into the yard at the back of his shop to increase working space and improve the reception area.

One of Bradbury's most significant customers has been the J.D. Wetherspoon chain of pubs. The period Victorian style fits in well with Bradbury's designs. "There has been a return to traditional styling in pubs," he says. "People feel at home in a Victorian atmosphere."

Pub contracts have shown the robustness of the glass business – and its fragility. The work Bradbury is most proud of is the decoration for the windows and mirrors of the Queen's Head, in Acton Street, near London's King's Cross station.

The centrepiece is a large etching of Queen Victoria, beautifully reproduced from a Penny Black stamp. The night after the pub was opened the windows were smashed. As with the glaziers still engaged in repairing the bomb-shattered City of London after the second major IRA attack, the whole project had to start again.

■ *Philip Bradbury Glass. 83 Blackstock Road. London N4 2JW. Tel: 071-226 2919.*

Computing

Unaccustomed as I am to software...

IF YOU have ever had to make a speech, write a report, or write an article you will know that it is not as easy as it first appears. The first three sentences of what you say are vital: in less than 20 seconds, your audience will either tune in to you or put their mind to some other thing.

The other problem is to get those jewels of wisdom down on paper – and in the right order. A new software import from the US, a program called *Thoughtline*, can help to resolve both these dilemmas.

I know that when I sit down to write I need all the help that new technology can give. Some computer programs can help in overcoming the problem of writers' block. In the past I have used many of them. In general, they take the form of outliners. With outliners you type in thoughts and ideas in any sequence and later reorder them to make the various connections. None is interactive like *Thoughtline*, nor does any of them go as far as organising your thoughts for you.

Using the thoughts you type in, it asks questions to focus your ideas and then asks for elaboration of ideas it does not understand. *Thoughtline's* data base is built around a set of key words. When it encounters those words in your typing it generates a particular type of question. Thoughtline focuses your thinking.

It probes at your idea. The program keeps asking questions; it prompts you to address the subject at hand. *Thoughtline* challenges the user to think more deeply about the topic. *Thoughtline* is a piece of software that helps develop your ideas. It helps you focus on the key points of the issue. It is different from other programs of its genre.

The program organises ideas and generates new ways of addressing the idea – but it cannot solve other problems. Presented with the problem: "What is the best way of marketing this product?" it appears to go round in circles. *It cannot get to the point of* asking you the correct questions for you to focus your ideas.

Thoughtline is irritatingly friendly. But, then it is an American program. Opening with *"Buenos dias* Robin. What's on your mind?" does not generate a great deal of confidence. Sometimes *Thoughtline* comes up with ludicrous questions. You can pass over these questions without answering them. At other times it is merely the syntax of the question that is wrong. But, I am interested more in its

'The program prompts you to address the subject at hand'

ability to solve problems rather its syntactical deficiencies.

In a broad sense it is using the fledgling principles of artificial intelligence. An article has a different fundamental structure than a report or speech, but the program organises what you have typed into a draft for each situation and generates a printed copy that is reasonably well laid out.

In its own particular way, it does overcome problems of writing articles, speeches and reports. The program's manual proclaims "Thoughtline – For Great First Drafts" and that is what it gives you. Although it could not be easier to use, it takes time before you are able to get the best out of it. A little perseverance goes a long way.

■ *Thoughtline* is available from CABC, PO Box 162, Newbury, Berks. Tel: 0635-255300. Fax: 0635255148. The price is £83 + VAT.

Robin Brooker

What's so funny about Jewish humour?

■ From page I

No other race or nation has had this experience or imperative. Most national comedy is insular, even siege-minded: the geo-cultural equivalent of an in-joke between friends. The British go in for jokes about class, or hug the coast of parochial political satire, or betray their puritan heritage with nervous gigglings about sex or bodily functions (the Carry On films). The Germans, reared on *bierkeller* knockabout, seem incapable of making an exportable stage or screen comedy.

Even the French have been guffawing for the past year at a film that, while smashing all domestic box-office records, has found almost no interested buyer in any other country. This is *Les Visiteurs* – I saw it in Paris last month – and on its whimsical tale of two medieval warriors time-crashing a modern town are pegged jokes about Relais-style restaurants, French shopping habits, provincial gendarmeries, and other matters likely to induce stony faces in a foreign audience.

The success of Jewish comedy is down to the colonising zeal of Jewish culture. Even the rising black comics of America, Jewish comedy's closest modern rival, have yet to close the gap between a self-absorbed militancy that puts their racial grievances first, and a wide-appeal populism that risks going to the other extreme, tipping them into white man's territory. Try mentally re-casting any Eddie Murphy film with a white star and see if there is any significant difference.

Jewish humour travels everywhere while keeping its genetic identity. In America, its adopted land, it has done so by an inspired, almost invisible colonising zeal. Yiddish theatres – of which New York has had its own English-speaking variant; Matthau began there – recreated and perpetuated *shtetl* life and types. And one of those types - the *badkhn*, or jester, who held forth irreverently at solemn occasions from weddings to funerals - is a direct ancestor of the Borscht Belt comedian, hired to abuse the rich and spread comic dismay at big Jewish hotels.

'It is satiric retaliation versus the comedy of masochism'

At its sharp end, this American-Yiddish tradition of puncturing pomp and enthroning iconoclastic chaos begat Bruce and Sahl: satirical gadflies with no respect for the taboo subjects of their day (sex, death, politics, religion).

However, at its broader end, it has produced the universal-passport Jewish comedy we know today. That of the Mel Brookses and Allens: people who turn "Life is terrible" into a series of banana-skin encounters between man and his historical moment (Brooks) or man and his social or sexual auto-destruct tendencies (Allen).

It is the comedy of satiric retaliation versus the comedy of masochism – a poignant echo of the choice of responses that have faced the Jewish people in this century. Is it better to fight the unfightable or capitulate to the inevitable? Jews are not the only people to find laughter in adversity, but Jewish history has made their comic response that much sharper, more omnivorous – and woe betide any "tragic" subject that thinks itself too lofty to be caught by comedy's snapping teeth.

As Simon says: "I can't think of a humorous situation that does not involve some pain. I used to ask: 'What is a funny situation?' Now I ask: 'What is a sad situation and how can I make it funny'?"

LEGAL NOTICES

No. 008341 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF GARTMORE plc
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 21st September 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of capital of the above-named Company by £80,274,640 and the cancellation of its Share Premium Account amounting to £35,401,362.09.

AND NOTICE IS HEREBY GIVEN that the said Petition is directed to be heard before Mr. Registrar Buckley at the Royal Courts of Justice, Strand, London, WC2A 2LL on Wednesday the 27th October 1993.

Any creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

DATED the 15th day of October 1993
Slaughter and May
35, Basinghall Street
London, EC2V 5DB
Ref: RLH
Solicitors for the said Company

SPORT AND MOTORING

Baseball

Phillies wreck the game plan

*World Series re-match is foiled as outsiders beat the odds. **Jurek Martin** reports*

FOR A MUG, we did not do too badly this year. We predicted when the season began that the Toronto Blue Jays, last year's World Series baseball champion, were still the class act of the American League while the pitching of the Atlanta Braves ought to give them the National League pennant and a re-match with the Canadian club.

And so it should have come to pass – except for the inexplicable grittiness of the Philadelphia Phillies, a team which nobody, even itself, picked to do much this year at all. On Wednesday, victory over Atlanta gave Philadelphia the National League title and today they will meet the Blue Jays in Toronto in the opening game of this year's World Series.

Our wish list was also generally only half fulfilled. On the field, Fernando Valenzuela won eight, not 15, games for the Baltimore Orioles but, at least in July, was his old devious self again. Bo Jackson hit 15, not 30, home runs for the Chicago White Sox (and flopped horribly in the play-offs against Toronto); but even to perform at the top level with an artificial hip is an achievement in itself. Nolan Ryan's last season was marked by injury, not a no-hitter but, aged 46, he could still pitch at 95 mph.

Off the field, Marge Schott, suspended owner of the Cincinnati Reds, was mercifully quiet but George Steinbrenner, restored to the New York Yankee helm, could not in the end contain himself and began musing about vacating Yankee Stadium. Baseball did not get its desired new commissioner while the owners, desperate for the television dollar, infuriated traditionalists by announcing that both leagues would be split into three divisions, not two, next year with "wild cards" (ie, non-champions) eligible for an extra round of play-offs. With more teams losing money than making it, the fire sale of the higher-paid players on the San Diego Padres could be a grim harbinger.

This summary of developments might be read to imply a predictable, even depressing, season. New Yorkers probably believe it was both, for the once-beloved Mets played abominably and behaved worse. The Yankees flattered only to deceive.

In many respects, though, this was a wondrous year. It featured, given next year's re-alignment, what many consider probably to have been the last great divisional race – in the National League West between Atlanta and the San Francisco Giants. This was decided only on the last day of the regular season when the Giants lost to their old nemesis, the Los Angeles Dodgers, thus missing the play-offs.

The Giants, who last took the World Series 39 years ago when still in New York, deserve sympathy. They won 103 games, a total higher than any other team except the Braves and more than enough to have won a pennant in the 25-year history of divisional play. At the start of August they were 10 games ahead and, apart from an early September swoon, did not fold. They were managed expertly by Dusty Baker, and Barry Bonds – he of the $42m, six-year contract – had another colossal year.

The Braves, however, simply were irresistible. Their record after the mid-season All Star break was a staggering 51-17. The starting pitching – Glavine, Maddux, Avery and Smoltz – was all it was expected to be; but the key probably was the acquisition in July from San Diego of Fred McGriff, the slugging first baseman.

The American League East had its moments, too, until September. Then, Toronto suddenly started winning and the Yankees, Orioles, Detroit Tigers and Boston Red Sox all began losing, even to the weaker teams. The Orioles' Cal Ripken played every game and is now only a season and a half away from passing Lou Gehrig's record for indestructibility.

Undoubtedly, the surprise packet was Philadelphia, who went from bottom of the National League East last year to an easy first. This is a team of hairy, burly men (noteably Dykstra, Kruk, Incaviglia and Daulton among the hitters; Schilling, Greene and Williams among the pitchers) who revel in their unkemptness and, mostly, played well above all known form.

Perhaps, though, the season was most memorable for the coming of age of a new generation of authentic young superstars, all aged about 25: Juan Gonzales of Texas, Ken Griffey in Seattle, Frank Thomas of the White Sox, Mike Piazza of the Dodgers, Carlos Baerga of the Cleveland Indians, and Roberto Alomar and John Olerud of the Blue Jays.

Reuters

One to watch: Pitcher Alex Fernandez, of the White Sox, in action against the Blue Jays

Alex Fernandez and Wilson Alvarez helped give the White Sox a pitching staff worthy of comparison (not always fanciful) with that of Atlanta. Add Jose Canseco of Texas, Mark McGwire of Oakland and Mike Mussina of Baltimore, all beset by injury this year, and baseball's playing future seems in excellent hands.

The same goes for Toronto, the defending king of the hill. The Blue Jays sometimes are described as a "rent-a-team" paying top (therefore, not Canadian) dollars to the better mercenaries but using them well. They compensated for off-season departures by picking up some venerable warhorses: Paul Molitor, 15 years a Milwaukee Brewer, and Dave Stewart and Rickey Henderson, who found great success with Oakland.

Molitor, 37, merely batted in 100 runs for the first time in his career and became the oldest player to hit 20 homers and steal 20 bases in a season. Pitcher Stewart, still fiercely competitive at 36, was undefeated in September and took his team to two wins in the play-off with the White Sox. He has now passed Jim "Catfish" Hunter for most wins, starts and innings in championship play.

In reality, the Blue Jay pitching remains spotty. But the first six of its batting line-up – Henderson, Devon White, Molitor, Joe Carter, Olerud and Alomar – are the best in the game while the ninth in the order, Pat Borders, was the most valuable player (for his hitting more than his catching) in last year's World Series.

So, the mug must make his choice - the bat against the arm. Contrary to our long-standing personal conviction (bolstered by the serious prophets in baseball) that great pitching will usually beat great hitting, the imported Canadian timber gets the nod this year. The World Series is too short for it to be denied.

Soccer/**Peter Berlin**

Taylor: a hard man to replace

GRAHAM TAYLOR, England's soccer manager, is not without tactical acumen. Nor does he lack courage. On Wednesday night, soon after his team had lost 2-0 to Holland in their World Cup qualifying match, he strode into a crowded press conference, sat behind the microphone and went straight on to the attack. "I have never been a person to make excuses," he began. (Actually, that is not quite true but let it pass). "But..."

He then began a detailed complaint about the serious incidents that turned the game against England: Ronald Koeman should have been sent off for fouling David Platt in a scoring position; Jan Wouters should have been punished for encroaching at the subsequent free kick. Taylor pointed out that when, a minute later, the Dutch were given a free kick in a similar position, Tony Adams was punished for a similar offence and Koeman, "who should not have been on the field," scored from the re-taken kick.

Taylor listed England's string of near misses when shots twice hit the post and two others were cleared off the line. Unprompted, he showed his fair-mindedness by saying he thought Frank Rijkaard was not offside, as the referee ruled, when he put the ball in England's net in the first half. He stressed that the game was "not about team selection" and "not about formations" – the two areas where he had been criticised beforehand – but about "incidents."

It was a strong, coherent, eloquent performance – indeed, one of the reasons Taylor was picked for the job in the first place was his ability to talk to the press – but, like that of his team, it was largely in vain. Most of his critics were not even there. Many were still in the press box struggling to meet the deadlines imposed by the game's 8.15 pm kick-off. A few had already made their way to the bar.

In truth, Taylor's post-match press conferences normally are brief, polite affairs, especially when there is no Paul Gascoigne to discuss. Perhaps it is the English dread of creating a scene, especially in front of foreigners. On Wednesday night, he was asked only one question: would he "soldier on? – a polite way of asking if he would resign. With rising emotion, Taylor said he would not quit although, typically, it took him five minutes to make the point. Then, he stood up. As his back disappeared through the door, it was almost possible to see the daggers quivering between his shoulder blades.

Taylor's England contract runs to the end of this season and his team can still qualify for the World Cup although, as he admitted on Wednesday, it would take a "major miracle." If that does not happen, the Football Association will be tempted to look around for a replacement.

The scars of the traumatic relations between successive England managers and the press will shape the decision, as they helped to shape the selection of Taylor and the likeable Bobby Robson before him. Robson was at the match as an analyst for Dutch television; white-haired, seemingly healthy and happy, his familiar figure brought a pang of nostalgia for the long years of his timid managership. Terror of being humiliated by the press has distorted the way the FA treats the job of England manager.

The simple answer to the FA's dilemma is to pick a manager who will win every game – but no one believes that any of the leading candidates is capable of such witchcraft.

Furthermore, the sight of Rijkaard, Koeman, Dennis Bergkamp, Bryan Roy and Marc Overmars tearing into England on Wednesday was a reminder that Taylor did not have a world-class player in his squad.

It is possible to succeed at international level without a Bergkamp or a Rijkaard; Norway has shown that. But Egil Olsen, the Norwegian manager, has said he does not think his team's rigorously workmanlike approach would be tolerated by English fans and press. The England team must succeed by expressing the national genius. If it falters, its failures are read as symptoms of national decay. It must assert the English virtues of heart, stomach and sinew in the face of foreign cunning and sophistication.

Taylor has made mistakes. He has failed to grasp that international players need to be nurtured. He was too willing to discard members of the 1990 World Cup semi-final team: Des Walker, Chris Waddle and, until this week, Paul Parker. Taylor also helped drive Gary Lineker into premature exile. He failed to cultivate replacements. His selections were inconsistent.

Yes, Wednesday's game was one of "incident." Yes, England had the chances to steal it. But if Taylor's team had taken more than one point from Norway earlier, it would not have been in that position.

Taylor has not been a good England manager. But, on Wednesday, as he made his excuses to the journalists and left, it was difficult not to respect his courage. He has taken the relentless personal criticism, although not always with dignity, and kept coming back for more. For that reason, he will be difficult to replace.

Motoring/**Stuart Marshall**

Big car, bigger bumps

DIRECTORS and senior managers not only drive bigger and better company cars than the troops in their Escorts and Cavaliers; their accidents are bigger and costlier and, alarmingly, more frequent, too.

According to a survey, the MD in his £25,000-plus car has an accident costing an average £914 to repair every 9,500 business driving miles (15,300 km) compared with sales executives (12,000 miles/19,300 km and £445) and office-bound staff (15,000 miles/24,150 km and £511).

This is RS2, a 160-plus mph (over 257 kph) sports car based on an Audi 80 estate, built for Audi by Porsche

Lack of concentration and faulty judgment caused by stress and tiredness are blamed by Fleet Management Services for the top managers' failings.

It analysed two years of insurance claims on the thousands of cars it provides for companies. A rhetorical question, really, because of course they should. But the easier cars become to drive, the less attention busy, perhaps preoccupied people, feel they need give them.

Driving may be an essential chore to many of us but, if it is to be safe and accident-free, it is still a craft.

If only the techniques taught by bodies such as the Institute of Advanced Motorists could be put into practice. This would do more to make driving safe for all road users – not least pedestrians – and slow the rise in insurance premiums than all the high technology built-into the modern car. It is a question of attitude.

Every driver, whether top executive or financially hard-pressed family man, has to share the highway with millions of other people. Ideally, this would imply general observance of laws which exist for the general good. But does it?

Let us take insurance, which is exclusively a problem for the non-company car driver. Protection agains third party claims has long been compulsory. Years ago, when motoring was still a minority activity, the courts used to be very tough on people who drove uninsured cars.

The penalty was disqualification. And if a disqualified motorist put two fingers up to the law and carried on driving, he went to prison if caught.

'Over 1m cars, vans and lorries on British roads are uninsured'

There was no argument. A few weeks inside was as automatic a penalty as disqualification is today for drink driving. Understandably, 30 years or so ago very few people risked driving without insurance or when disqualified.

Compare the situation today. Driving an untaxed, uninsured car that could be dangerously unfit because it has not had an MoT examination is seen by many a motorist (including quite a few who have lost their licences anyway) as a cheap alternative to buying insurance.

The Association of British Insurers reckons about 5 per cent of vehicles – that means more than 1m cars, vans and lorries – on British roads are currently uninsured.

Officialdom seems to look the other way. How many new age travellers tax, insure and submit their vehicles for inspection; and how many even have driving licences?

Who cares? Yet a collision with an uninsured vehicle can be financially unpleasant for the innocent party. Like Paul Mitchell, of Coleford, Gloucestershire, who was waiting to enter a roundabout when his car was struck from behind.

Writing to *Care on the Road*, a journal of the Royal Society for the Prevention of Accidents, Mitchell said he was comprehensively insured and stood to lose some of his no-claims discount. The other driver, unlicenced as well as uninsured, was taken to court, given 13 penalty points on his non-existent licence and fined £60 under the discredited means-related scheme.

"Effectively, he got off scot free," said a predictably peeved Mitchell. Am I alone in thinking this rather disgraceful? If uninsured, unlicenced driving, and driving while disqualified, really are seriously anti-social offences, what about changing the law to allow courts to seize and sell offenders' cars? Does anyone agree?

□ □ □

The biennial motoringfest at Earls Court is no longer Motorfair but the London Motor Show. It has been taken under the wing of the Society of Motor Manufacturers and Traders, which also runs the British International Motor Show at the National Exhibition Centre, Birmingham. London Motor Show, which opens next Thursday for a public preview day and closes on Sunday week, will alternate with the Birmingham event.

Unfortunately, it clashes this time with the Tokyo Motor Show, which will steal some of its thunder. Also, a number of the new-to-Britain exhibits will already have been seen at the Frankfurt Show in September.

But never mind. There will be something for everyone interested in cars at Earls Court, which has been transformed from a gloomy old arena guarded by fierce ex-drill sergeant commissionaires into a modern exhibition hall.

Admission is £12 on preview day (October 21), £7.50 on all other days (£5 after 5 pm).

There are parking spaces for 1,800 cars on site at £1.50 an hour, £10 a day if booked in advance (tel: 071-370-8390) or £15 overnight. Visitors, say the show organisers, are advised to travel by Tube.

Weekend FT

PINK SNOW

On Saturday November 13, the Financial Times will publish the 1993/94 edition of Pink Snow, an indispensable guide to the world's best ski resorts.

Last year's Pink Snow ski questionnaire brought in more than 2,000 replies and helped compile an exclusive FT Top 10 list of ski resorts and travel companies. This year, in addition to the questionnaire, we are seeking information about you, the reader.

FREE PRIZE DRAW

Each questionnaire received will be entered into a free prize draw to win a helicopter skiing weekend, courtesy of Powder Byrne skiing company. The first entry drawn will win the skiing weekend. Ten runners-up will each receive a bottle of pink champagne.

The editor's decision is final.

Please return your questionnaire to:
Ski Survey, Weekend FT,
Number One Southwark Bridge, London SE1 9HL.

The closing date for entries is Sunday October 31 1993. The winners' names will be published in Pink Snow on Saturday November 13 1993.

In addition, we would be interested to hear of your own personal skiing experiences. What do you most like - or dislike - about skiing? Tell us, in not more than 300 words, by Sunday October 31; the best replies may be included in a Pink Snow article.

1 How would you rate your skiing ability?
Beginner ☐ Intermediate ☐ Expert ☐

2 How many skiing holidays have you had in the last five years (count a holiday as four or more nights away from home)?
1 ☐ 2 ☐ 3 ☐ 4 ☐
5 ☐ 6-10 ☐ More than 10 ☐

3 How many short skiing breaks have you had in the last 12 months (count a short break as up to three nights away from home)?
1-2 ☐ 3-5 ☐ 6-10 ☐ More than 10 ☐

4 In which countries have you you skied during the last five years?
Switzerland ☐ Germany ☐
Austria ☐ Scotland ☐
France ☐ US ☐
Italy ☐ Spain ☐
Canada ☐ Other (write in)
Andorra ☐ ☐

5 In which resorts have you skied during the last five years? (please write in)
(i) ____ (iv) ____
(ii) ____ (v) ____
(iii) ____ (vi) ____

6 (a) With which tour operators, if any, have you booked a packaged skiing holiday during the last five years?
(b) Please rate them for efficiency of service A-D, where A = excellent and D = poor
(i) ____ (iv) ____
(ii) ____ (v) ____
(iii) ____ (vi) ____

7 Which resorts had the greatest variety of ski runs?
(i) ____ (iii) ____
(ii) ____ (iv) ____

8 Which is your favourite resort among those you have visited?
____

9 How often do you read (a) the Mon-Fri FT?
(b) the Sat FT?

	(a) Mon-Fri FT	(b) Weekend FT
Every/nearly every issue	☐	☐
Quite often	☐	☐
Very occasionally / never	☐	☐

10 Finally some details about yourself :-
Male ☐ Female ☐
Under 25 ☐ 45-54 ☐
25-34 ☐ 55-64 ☐
35-44 ☐ 65 or over ☐
Working full-time ☐ Housewife ☐
Working part-time ☐ Retired ☐
Studying ☐ Unemployed ☐

Mr/Mrs/Ms Forename ____
Surname ____
Street and number ____
Town ____
Country ____
Postcode ____

The information you provide will be held by the Financial Times and may be used to keep you informed of FT products and by other selected companies for mailing list purposes. The Financial Times is registered under the data protection act 1984. The Financial Times, Number One Southwark Bridge, London SE1 9HL.
Please tick box if you do not wish to receive further information from the FT group or companies approved by the FT group ☐

THANK YOU FOR YOUR HELP

TRAVEL FOCUS: CARIBBEAN & SOUTH AMERICA

So much forest, so few people: that's Guyana

***Michael J. Woods** explores a country of tropical mystery and spectacular scenery*

TWO PAIRS of bright red rear lamps glowed from the depths of the dense reed bed bordering Guyana's Kamuni river. They were visible only when I shone the torch at eye level from beside my head; then, they glinted back without blinking.

We paddled the boat closer, drifting almost silently on the mirror of black water. But even as the nosing bows rustled among the stems, the cayman continued to lie motionless, its yellow-green body submerged and its bulging eyes protruding from the surface, their redness reflected perfectly in the water as four vermilion orbs.

We must have counted half-a-dozen of these reptiles in a cruise of less than a mile, the largest over 4½ ft long and probably as big as they grow in these parts.

But, even at that size, these fish-eaters pose no threat to humans; and when we returned to the steps of the landing stage, the camp staff were plunging about in the river, enjoying a midnight swim.

At Timberhead, Tropical Adventures' jungle retreat, Amerindian-style houses lie on the boundary between some of Guyana's all-enveloping rain forest and what is known locally as the savannah, an area of dense, marshy grassland and scrub which grew up after a disastrous fire burnt down the trees on either side of the river some decades ago.

The roofs of Timberhead's stilt houses are thatched with fronds from the troolie palm, and there is no need for windows or doors in an atmosphere which remains constantly warm even when it pours with rain – which it did, with disconcerting regularity, when I was there. Not for nothing is Guyana known as the land of many waters, and a dry T-shirt is a useful accessory.

The inviting hammocks which hang across the living area, and bottles of deliciously cold Banks beer, are almost more than even the most hyperactive can resist. But resist I *did* from time to time so as to swim in the Kamuni river, the translucent black water of which turns the sky red when viewed from beneath the surface; to canoe in the early morning in silent search of the giant otter; and to walk in the rain forest.

Without leeches, and with remarkably few biting insects, the jungle is comparatively benign. But, like such forests everywhere, most of the action takes place in the canopy, so we were lucky to spot a troop of bamboo monkeys as they crashed through the tree-tops after spying us from high above.

'Not for nothing is this known as the land of many waters and a dry t-shirt is always a useful accessory'

Birds were easier to admire on the bird table adjacent to the dining/kitchen annexe and, here, a whole range of tanagers came to feast on banana. Even a neighbouring tarantula had the grace to stay well away from the houses while it posed obligingly on the light grey background of a palm frond, like a many-fingered black, furry hand.

At night, the jungle becomes a place of mystery; and our night walk, in total darkness and linked to one another only by short lengths of dry twig, led us along a black corridor surrounded by strange cries, buzzes, whoops and zips.

The Mississippi pontoon boat which had brought us here took us back downstream to the Demerara river, an opaque, mushroom soup of silt stirred up by storms far away in the hills. After half an hour pushing upstream, we landed during another torrential storm and piled into three jeeps for a two-hour slither through the jungle to Shanklands, a riverside resort.

Here, a number of white colonial houses stud 10 acres of emerald lawns on a promontory above the Essequibo river, a waterway of enormous proportions and the third-largest in South America; the biggest of the three islands at its mouth is bigger than Barbados. Even at Shanklands, 30 miles from the sea, the river is tidal and almost two miles across. Tramp steamers ply up and down.

The grassy expanse on the red granite headland has been reclaimed from the jungle over the past 10 years in a plan executed by Joanne Jardim, whose father left her several hundred acres of forest. She started by sleeping in a hammock under a plastic sheet before moving into an old bus.

Now, with elegant houses on the land, she was able to welcome us in style and ushered us to a lunch table at which every setting was embellished with a hibiscus flower.

Joanne has left some large trees for shade and, uncluttered by rain forest, it is possible to appreciate their soaring height. There is forest walking here, too; water sports on the river; and visits to the local towns and villages. But, most exciting of all, it is possible to fly from an airstrip some 20 minutes away to Kaieteur falls.

Throughout the 90-minute flight, the habitat beneath changes rarely, and then only in small patches. For the most part it is endless, dark green rain forest, relentless in all directions, spotted by the odd clearing for a gold or diamond mine and lined very occasionally by a jungle track, the existence of which is only betrayed by the faintest of traces in the canopy below. It is easy to appreciate the analogy, quoted often to me during my visit, that Guyana is the same size as Britain with a population of less than 1m – and almost all of them living north of Inverness.

Below, as we flew, a gorge cut through the mountains, its bed filled with a foaming river. And then there was Kaieteur, a clear fall of 741 ft throwing a great plume of cloud into the air as if the falling water was pouring from the spout of a boiling kettle.

The aircraft banked steeply and slipped down into the gorge below the falls before flying up-river and over the very lip of the falls. If it is possible, the walk to see them is even more spectacular. The path lies over over sheets of bed-rock and dark, moss-filled crevasses before, finally, running through a cavernous hollow between enormous boulders to arrive abruptly on a natural rock terrace placed ideally for viewing.

From here, a steady stream of Guinness apparently plummets downwards to burst in an endless flume on the rocks far below.

On the flight back to Georgetown, I pondered the apparently endless rain forest. Logging is in its infancy here; but the temptations to plunder this valuable resource, in a country where three-quarters of any income disappears to feed its foreign debt, must be almost overwhelming. Both Guyana and its forest need visitors from overseas. Better still, both are worth the visit.

■ Michael Woods travelled to Guyana with British West Indian Airways; his visit was hosted by Forte Hotels and Tropical Adventures.

Details of Tropical Adventures' seven-night Guyana Adventure can be obtained from Forte Hotels in the UK. Tel: 0345-404040. The Guyana Adventure costs $950 plus air fares.

A specialist operator to Guyana is Guy-Tours of Edgware, Middlesex, which offers itineraries of six and 13 nights.

Prices per adult (until December 4) are £1,591 for six nights and £2,197 for 13, including scheduled BWIA flights (departing each Saturday), full board and standard rooms (two people sharing). Tel: 081-682-4144, fax 081-682-2955.

Gary Norman

Fruit for thought: pineapples are one of Guyana's profitable exports. And although on the South American mainland, the country is a venue for Test cricket

Capitalism comes quietly to the Brazilian jungle

***Christina Lamb** takes to the trees on an eco-tour*

MY FIRST encounter with jungle wildlife on my first day as an ecotourist in Brazil consisted of 60 rosy-cheeked Dutch guzzling a hearty breakfast of tapioca pudding and scrambled eggs, watched intently by a family of monkeys clinging to the netting surrounding the restaurant.

The bizarre role reversal presented a hilarious spectacle, though it was not quite how I had envisaged a stay at the Amazon's only treetop hotel. Having visited the jungle on several occasions as a journalist on the trail of a story, I had been looking forward to returning more leisurely as a tourist.

I had imagined being overwhelmed by the splendour of the rainforest, silenced by the majesty of trees thousands of years old. I had pictured waking gently to the splash of fish, chatter of monkeys and whoop of exotic birds, perhaps peering out from my hammock in the night into the eyes of some passing wild cat. I had not expected to be brutally awoken by the sound of a tour party of hefty Dutchmen trampling through the jungle and zooming around on jetskis and ultralites.

Reached by a leisurely four-hour boat ride up the River Negro from the jungle capital of Manaus, the Ariau Jungle Tower Hotel looms out of the black water like an alien landing craft. A collection of wooden towers shrouded in green netting and connected by a series of suspended catwalks and interlocking passageways, it resembles one of those Escher sketches that students often hang on their walls.

The concept behind Ariau was a good one. Most of the action in the Amazon takes place out of sight, high in the trees, and many visitors leave disappointed at the lack of visible wildlife. At Ariau, which is built entirely from local wood and mounted 12 metres above water level, monkeys are liable to leap on to your neck while walking along the catwalks, toucans incline their beaks politely from branches conveniently situated at eye-level, and pointy-nosed racoon-like animals follow at heel like dogs to snuggle up with guests in the hammocks in reception.

Moreover, this is jungle travel made easy. A stay at Ariau involves none of the irritations of adventure tourism that become funny only after the event, such as being feasted upon by mosquitos, packed into splintering boats amid the great unwashed, or bitten by giant ants while in the process of relieving oneself.

But assigned luxury status by the Brazilian Tourist Authority, the Ariau management has gone overboard in its desire to offer "facilities." Do people really visit an Amazon getaway to ride jetskis, watch videos, make international telephone calls or buy gemstones?

And catering for the mass market with 90 rooms (plus 100 under construction) means that life at Ariau is highly regimented. A blackboard in reception sets the day's agenda. 6am: Watch Sunrise. 6.30am: Watch Birds. 7.30am: Breakfast. 9am: Visit Native House. I tried to imagine what the natives had made of 60 hefty Dutch appearing for morning coffee. Maybe they appreciated some tips on clog-making and tulip-growing.

Watching the Dutch party arriving back from the natives' house sporting seed necklaces as evidence that capitalism has come to the jungle, I concluded that Ariau was a convincing argument against mass market eco-tourism.

That was until I set off with a small party in a canoe. Gliding down inlets on the black water amid half-submerged trees and giant lilies, we watched pink dolphins frolicking round the boat, sullen natives spear-fishing in the reeds and wild geese practising formation flying against a deep azure sky. This was the kind of bliss that makes one doubt the value of progress.

The afternoon was again spent drifting lazily and fishing for piranhas with raw meat. Apparently, the best way to attract them is by splashing and the smell of fresh blood, but as none of our party offered to slash themselves with a knife and jump in, our haul was small. Mercifully so, I thought, watching the razor-sharp teeth of our victims snapping viciously as they writhed on the floor of the boat. Successful catches could be taken to the hotel to be dried, mounted and fashioned into an interesting conversation piece.

Michael Harvey/Panos Pictures

Dawn mists over the rainforest

Arriving back at sunset, I climbed the hotel's rickety Blue Sky Tower which, at 40m, claims to be the world's highest wooden tower. From this vantage point I watched the sky flame over the endless trees and water of the Anavilhanas archipelago, the world's largest group of floating islands and the subject of extensive research by Jacques Cousteau. After so much excitement I was quite ready for my buffet dinner of exotic fruit and fish the size of men, served by effeminate waiters in flowery shirts calling each other "darling". The cook told me he was always receiving offers of marriage from young Parisians. Adding to the surreality, the *maitre d'* confessed that he was an out-of-work pornographic model who prefers dressing as a woman. With the monkeys looking on from outside, I began to wonder if I had been slipped some of the Amazon's hallucinogenic drugs.

Feeling sated, we took to our canoes again, paddling amid the stars reflected in jet black water. This time we were hunting for alligators, using flashlights to search out their red eyes. They are caught by the guides and brought into the boat, so that brave tourists can hold them.

Jungle luxury meant small hard beds in rabbit-hutch rooms instead of hammocks gently swaying under the stars. What sounded like the combined snoring of 60 Dutch was the only decipherable animal noise. Those with a few hundred dollars extra to spare could stay in the far more spacious Tarzan House (at 36m high, the world's highest treehouse, according to the blurb) or the Imperial Suite.

I began to feel converted to eco-tourism. Presented with my very own jungle survival certificate at the end of the trip, I suddenly found myself qualified in basic jungle survival techniques, navigation of the River Negro and reconnaissance of the forest lowlands. Mine is on the wall above the mounted piranha.

■ Christina Lamb travelled to Ariau Jungle Towers with Varig Airlines which flies directly to Manaus from the US and via Rio from Europe.

TRAVEL FOCUS: CARIBBEAN & SOUTH AMERICA

Pirates of pleasure in pursuit of Virgins

***James Henderson** cruises the British Virgin Islands in search of beaches, beer – and blondes*

IT WAS as though the yachts in the Sir Francis Drake Channel were choreographed. Suddenly, from their haphazard headings, they all went about and converged on Cooper Island, a scrubby spit of land where there is nothing but a trendy beach bar.

Word had just gone out on the VHF that the yacht *Sea Breeze* was putting in at Cooper Island for lunch. Supposedly on board there was the Swedish women's volleyball team, enjoying a bit of R&R in the British Virgin Islands. The idea of 10 sleek 6ft blondes had sent the hot-blooded boys of the BVI yachting fraternity into a frenzy.

A friend had brought me along for the ride and I was enjoying every priceless minute of it. We waited in vain. But Cooper Island is no bad place to pass a couple of lazy hours when the sun is at its height. It has a palm-fronted strand and a bar, peopled by straw-haired yachties and nut-brown beach-goers. The only unsettling thing about Cooper Island is Jazz, a despotic dog who roams self-importantly over his territory.

The rumours shifted with the wind. It was not a volleyball squad after all, but a team of models – even better – on a photographic shoot. Crest-fallen heads perked up and moments later the yachts were off again, this time seeking a catamaran, the name of which none of them knew. They had no luck on that score, either. Late in the day they all headed for the good ship *William Thornton*.

The *William Thornton* stands in the Bight off Norman Island, a popular overnight anchorage. The ship is an elegant old Baltic trader, built in Denmark in 1915. Despite its curious-looking superstructure, its graceful wooden lines are still visible in the hull. Its days of hauling coal are long gone; instead the *William Thornton* does a roaring trade as a floating bar and restaurant. We ate on board, at hatch covers turned into tables.

Pirates do not carouse in the Virgin Islands any longer, but the *Willy T*, as it is familiarly known, sells itself as a bit of a pirate ship. The bar in the poop deck (which takes its name from the early Spanish habit of lining the deck with puppet-like models of saints) has pictures of pirates and their flags. Things soon began to liven up.

Noise travels well over water, and soon the yachtsmen came beetling across in their dinghies, attracted by the sound of a party. There were no Swedish girls on board, real or imitation, but there was a crowd of mad Californians around the deck (no saints these, either). As the evening progressed, and the gentle swaying of the ship began to compensate for my irregular movements, so it all became more and more boisterous.

A "bodyshot" is a rude version of a tequila shot, in which the salt, lemon and tequila are located in different places on a Californian girl, supine on the bar. There are more beach bars in the BVIs than anywhere else in the Caribbean and they have a life of their own, spontaneously bursting into activity as yachts materialise. Some have musical instruments lying around; people pick them up and play.

Island idyll: beachcombers and sybarites can chase their dreams in the Virgin Islands

But life, even in the BVIs, is not only beach bars, so next day I left the yachties scouring the waterways for their flock of Amazons – no mean search because there are 50-odd islands, rocks and cays in the BVIs, with scores of isolated coves where you can hide yourself away.

If it is peaceful land-bound isolation that you prefer, then there are plenty of hotels and villas in which to maroon yourself. Many offer top-notch comfort; some are islands given over to a single resort. Guana Island is little-known by British visitors: it takes just 30 guests in deceptively simple rooms built of stone and scattered across the breezy hillside, all with superb views. In a typically easy Caribbean manner, the guests gather for drinks after a day on the beach and then eat with one another at dinner.

Richard Branson's Necker Island can also be hired by parties of up to 20. It has a huge open-sided main house built in Balinese style, decorated with palms, oriental and Amerindian statues, an outsize snooker table and an excellent selection of CDs. The 20-seat dining table weighs three tons.

Perhaps the best-known hotel among British visitors is Biras Creek, which stands at the head of the North Sound in Virgin Gorda. Here, rooms are ranged on the ocean-front. There is a rarified and elegant air about the place. As I stumbled off the launch I realised that it was time to be on my best behaviour.

Easier said than done. Three days on a yacht had played havoc with my middle ear, and around me the land was rising and falling as though I was in a 3ft swell. Conversation was confusing. Anyone sitting opposite me would rock and sway as they spoke, pause, tilt and then sweep off as though in a boatswain's chair. Cycling around the grounds was little more than a joke. Presumably I gave an impression of being slightly adrift.

As soon as the dizzy swell subsided it was time to get back on to the water. The Virgin Islands offer the best sailing holiday in the Caribbean. The sailing is relatively easy, the winds constant and there are isolated coves, elegant restaurants and endless beach bars, all within a couple of hours' sail of one another. The islands are not that cheap and they have lost almost any natural West Indian feel, but there is an easy mix of locals and visitors.

I find that I am struck by the physical beauty of so many places in the world, but islands have a special attraction. There are places in the BVIs where the views carry over 20 or 30 miles and the islands, jumbled on one another, fade to grey in the haze. The distant peaks are no more than a faint outline scratched on the horizon. One of the beauties of sailing in the BVIs is to be completely surrounded by islands. They lie like animals around you, some curled asleep, others tense, ready to pounce.

Cooper Island and Norman Island are two small islands in a line of peaks buried to their necks in water. They stand opposite Tortola, the capital island, across the Sir Francis Drake Channel, where most of the sailing takes place. But there are other areas to explore, so I headed for the other side of Tortola, to Jost van Dyke, perhaps the most natural of the main Virgin Islands. Electricity has just reached the place and the only visible industry is the mining of sand, of which there is plenty.

True to form, it has its fair share of beach bars. On one beach, the mile-long stretch of Great Harbour, there are six. The proprietors lie in the sun waiting for custom. Jost van Dyke is so laid back that it can properly be described as comatose. Except at New Year, that is, when it collects as many as 2,500 sailors for a huge beach party.

People come from all over the world. They drink, dance, nail their business cards to the rafters and, by midday next day, are gone; so the island returns to its slumber.

White Bay, the next bay along, is a perfect Caribbean beach. The fluorescence of the windsurfers is matched by the intense turquoise of the water; the sand is so bright it hurts your eyes. It is also a good anchorage and so we hove to, ordered dinner over the VHF – "That'll be two lobsters, a shrimp and a swordfish, please, over" – and slithered off into the sea to wallow in the shallow water.

I don't know if the yachties ever did run their blonde quarry to ground, whatever it turned out to be. But it made me laugh when I came across a fearsome game of beach volleyball taking place at an out-of-the-way beach bar. I was roaring past on a motorboat, but I could see that the players were all blonde females. I nearly put it out over the VHF, but the sailors would never have got there in time.

■ Sunsail (tel: 0705-219848) charters skippered yachts and bare boats, singly and in flotillas, for two to 10 people, in the British Virgin Islands and other Caribbean centres. In London, the BVI Tourist Board is on 071-240 4259.

James Henderson is author of the Cadogan Guide to the Caribbean.

Relax: it's just a pelican crossing

***James Henderson** enjoys the lazy lifestyle on undisturbed Barbuda*

BARBUDA is a little-known coral outcrop, lost, as its name suggests, somewhere between Barbados and Bermuda. Barbuda is a sister island to Antigua and lies some 30 miles to its north. It is mostly scrub and a few superb, incredibly long beaches (there is so much sand that Barbuda actually exports it); and a couple of incongruously smart and expensive hotels.

The island's highest point is 120ft, jokingly referred to as the Highlands by the 900 locals. Over the centuries development has bypassed Barbuda. For many years it was a private farm rented from the British king at an annual rent of "one fat sheep, if demanded."

In fact, were it not for the abandoned cars all over the place (a common feature of Caribbean islands), most of Barbuda would be recognisable to the American Indians who lived there 500 years ago.

The Amerindians – the first Caribbean island-hoppers – certainly stole a march on 20th century travellers. They lived within the rhythms of nature, enjoying the benign climate, spending much of their time in hammocks, fishing as need be and grilling their catch over open fires on the beach.

The Amerindian idyll can still be found in Barbuda, but you must be prepared to pay a thoroughly 20th century price. Both the main hotels charge about $1,000 (about £660) a night for two.

After my arrival, I took a bumpy ride along the island's only road. Like so many West Indian roads it was pitted and potholed; the traffic simply swings left and right through the path of least resistance.

Suddenly we emerged into the calm, manicured environs of the K Club. Either side of its breezy white main house, the K Club has about 20 villas strung out along one of the Caribbean's finest beaches – about five miles of it. The K Club is the chic design child of Milanese fashion empress Mariuccia Marinelli, known in the trade as Krizia.

Krizia's symbol, a simple K in the world of fashion, has sprouted palm fronds on its left-hand stalk in the tropics and this logo appears all over the club, on plates, pens and on the bottom of the pool.

As you would expect, the K Club has real style. With an acreage of white wood and tiles, offset with jade fittings, it appears effortlessly simple, but the simplicity is cleverly crafted. The design takes old Caribbean themes like louvred windows, wicker furniture and gently-sloping roofs and turns them to 20th century comfort. Fans overhead whip up the tropical heat; even the showers have a view, through the garden to the sea.

The flight from Europe, following the sun across the Atlantic, helps you relax into the rhythms of tropical life. After a long day's travelling you flake out early in the evening, but then you wake with the sun (about 9am UK time), and dawn is perhaps the best part of the Caribbean day.

The air is fresh and calm. Even the noises are different, unaffected by the midday heat. I walked the whole beach on the first morning in a slightly surreal state of mind after a heavy sleep, testing the sand between my toes. Ahead of me was a little band of sandpipers trotting along, dodging the frothy fingers of the breaking waves.

Breakfast was served on the veranda and I watched the gathering blue of the sea; it strengthened steadily to turquoise as the sun climbed slowly higher and higher.

There is little to do on Barbuda. I found myself reclining, happy to watch the beach. It is still a living beach. Seven pelicans make it their beat, sometimes arriving in formation, at other times cruising in alone, then wheeling like a bomber on outstretched wings and dropping with

Continued on opposite page

هكذا من الاصل

TRAVEL FOCUS: CARIBBEAN & SOUTH AMERICA

A pelican crossing

Continued from previous page
a distant *flump* in the water.

High above them is the occasional dark streak of a frigatebird. These scissor-tailed birds are magnificent creatures. They have 6ft wingspans and can fly at 100mph. Only when they are mating are they not so sleek; males display ridiculously unwieldy scarlet pouches the size of a football on their gullets. Their nest on Barbuda can be visited easily.

Snorkelling is also a great pleasure on an island as undisturbed as Barbuda. You don't *need* to dive here because the best of the corals are so close to the surface. The reefs shimmer with thousands of tiny silvery fish, all facing into the current and twitching in unison.

Swim among them and they scatter in momentary chaos, but soon they come back into line and the cloud re-forms around you. Elsewhere angel fish swim singly and in pairs, coloured a luxurious deep blue, like velvet; rock beauties loiter around the corals, pouting; lobsters lie in little stacks in their crevices.

It comes as a bit of a surprise to find that there is a hotel bang next door to the K Club (well, a couple of miles down the beach, to be fair). Even more surprising, it has been there about 30 years. Coco Point Lodge has a magnificent setting in a coconut garden, on a tapering spit of land rimmed with very fine sand.

The sunset view takes in a string of islands from Antigua to Nevis. It is very exclusive and it now sees generations of returning visitors. Newcomers may not get in. Walk-in writers get short shrift.

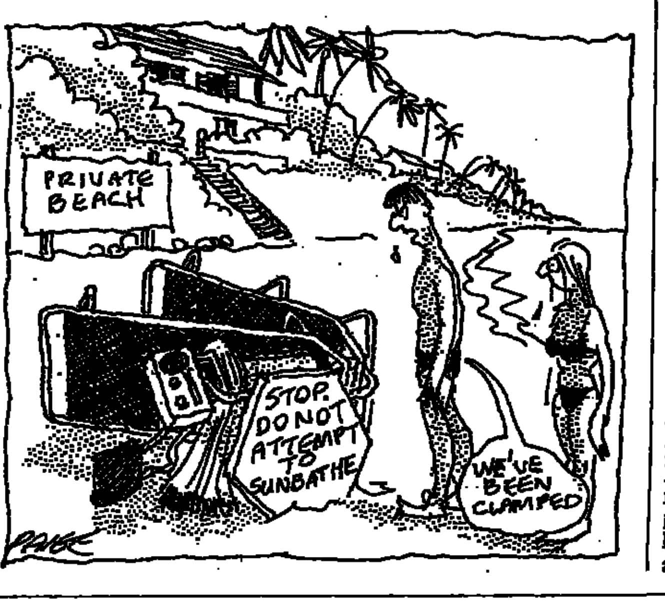
The story runs that Krizia herself was refused entry and so she decided to build her own hotel. Certainly the owner of Coco Point did not go a bundle on the K Club. Guests there are not allowed to use his private airstrip.

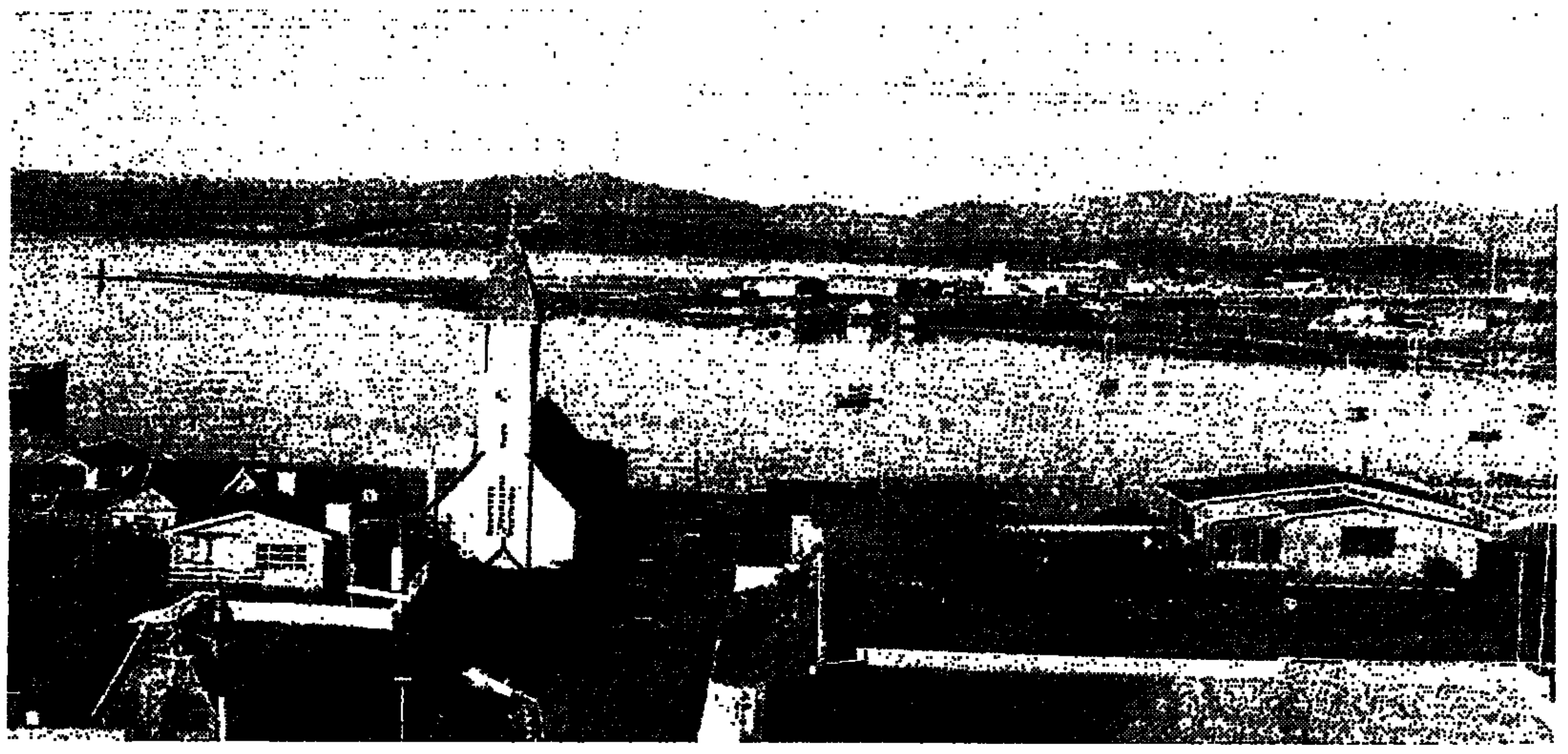
There are few places around the Caribbean that I haven't managed to talk my way in to. But it *is* surprising what you can see from below the high-water mark if you use a long lens.

Coco Point is clearly *smart*. Some of the older rooms look small but there are some superb villas, very finely decorated, overlooking an expanse of sumptuous, golden sand.

■ **James Henderson flew with BWIA, which operates twice-weekly flights to Antigua from Heathrow. Current return fares: £804-£3,490.**

From Antigua connections can be made to Barbuda on LIAT or the K Club's private aircraft. It is possible to visit the K Club for the day from Antigua (tel: 809-460-0300, fax: 460-0305).




The port of Ushuaia in Tierra del Fuego: step off the harbour wall and it's next stop Antarctica

Brian Moser

Next stop: the world's end

***Andrew Anderson** explores the wild remoteness of Tierra del Fuego*

YOU KNOW you are headed somewhere special as soon as you begin the descent into Ushuaia, the toytown capital of Argentinian Tierra del Fuego.

The aircraft swoops down the Beagle channel, skimming over snowy peaks peeping through the clouds, stands suddenly on a wingtip to bank left, whips to the right and judders to a halt on the runway, a few feet from the icy waters of Ushuaia bay. Those first-time passengers who are still conscious break into applause. Old hands merely yawn: these Argentinian pilots *always* fly the way they drive...

The airport setting soon soothes shattered nerves. Jagged peaks soar above the bay and encircle the town in a snowy embrace. The neat, prefabricated houses curve round the harbour, each with its little front garden filled with lupins and poppies, a Sussex vicarage scene with added glaciers.

Fishing boats and yachts ride at anchor. The air is so crisp and clean you can take bites out of it. As yet there is no sign saying: "THIS IS IT – THE END OF THE WORLD", but there is no mistaking the "last frontier" feel: step off the harbour wall and it is next stop Antarctica.

Tierra del Fuego, a jumble of islands at the very end of South America now split roughly equally between Argentina and Chile, deserves its place in travel mythology. Like the Silk Road or Easter Island, it conjures up its own image: wild, remote, mysterious.

Any schoolboy knows the history of the name. Ferdinand Magellan, the Portuguese explorer, first found the Ireland-sized archipelago in 1520 as he travelled through the nightmarish seas of the straits which now bear his name. He spotted the campfires of the Yahgan Indian inhabitants and named it Tierra del Humo: the Land of Smoke. Later his patron, Charles V, king of Spain, reasoned that there could be no smoke without fire, so the Land of Fire it became.

Magellan had found the western route to Asia, but the discovery and subsequent stampede of foreign ships brought no joy to the Indians, who had scraped a living from the harshest of landscapes for thousands of years. Charles Darwin, who came this way on the *Beagle* in 1834, wrote that the difference between the Fuegians – "among the most abject and miserable creatures I ever saw" – and the Europeans was "greater than that between wild and domestic animals."

Those Indians who did not succumb immediately to imported smallpox or measles were forced to prey on the livestock of the settlers who had summarily taken their land. The settlers put a bounty on each Indian head, hunted them down and shot them like animals. By the early 20th century they were all dead. Ushuaia's small but excellent museum on the waterfront tells the sorry tale well.

The Argentine government made Ushuaia a duty free port in an effort to boost its economy. Today it is a semi-boom town of some 30,000 souls who race around in huge tax-free Jeeps and, together with the wealthy cruise ship passengers passing through on their way to Antarctica, do a roaring trade in the bars and liquor shops. There is also a strong naval presence. Ushuaia played its part in the Falklands war, and there are many sad memorials to those who fell in the "Malvinas conflict."

Being so far south does strange things to the summer nights, roughly November-February. Outside those months the cold sweeps in with a vengeance. At midnight one can read a paperback by natural light and the town is just beginning to bop. At 2.30am, when most of the cruise ship passengers are long since asleep, the light fades only slowly amid a cacophony of car horns and carousing along the narrow strip of Ushuaia's main street. Bedtime is around 4am.

It is a good town in which to indulge in one of Argentina's gastronomic highlights, the *parrillada* – a selection of meat grilled over an open fire. The Argentinians are carnivores on the scale of *Tyrannosaurus Rex;* if it has red blood and moves, they eat it.

In the Cafeteria Ideal, where you can stuff yourself for $12, there was cold starters, sliced beef, chicken legs, pasta, potatos, haunches of lamb, fields of salad, followed by the *parrillada* itself: black sausage, white sausage, fried intestines, more chicken and a beef steak so large that it came with a leg at each corner. I measured it: 7in x 3in x 1½in deep. "Eat it before it jumps over the moon," advised my wife.

You can walk off a *parrillada* in the mountains behind Ushuaia. The tarmac road soon peters out at the foot of a chair lift (skiing is a growing industry) and becomes a rough track winding past the tin shacks of local crab fishermen and newly-built holiday chalets. There is a glacier on the peak at the back of the town, the path to it strewn with alpine flowers: saxifrage, house leeks, tiny yellow drumstick primulas, nodding Icelandic poppies.

From the Martial glacier there is a splendid view of the Beagle channel, millpond still, reflecting its encircling peaks. Cape Horn lies on the horizon; only those with cast-iron stomachs should attempt the boat trip to this storm-lashed rock.

Hardy souls, who must possess their own tent and a decent sleeping bag, can take a two-hour minibus trip into Tierra del Fuego national park, a wilderness of mountains and lakes reminiscent of the Scottish highlands – and just as wet. There is a cosy café and a well-run campsite by the shores of Lago Roca, and some splendid walks amid the smaller peaks and lakes, up to the border with Chilean Tierra del Fuego.

One walk that is *not* recommended is the five-hour slog up the peak behind Lago Negra, an inky-black pool surrounded by a sphagnum moss bog. The view from the top is stunning, but it involves trekking through a forest of *lenga*, a type of beech that grows, dies, rots and grows again until it forms a near-imprenetrable barrier of semi-rotten wood. On and on we blundered, crashing through foot-thick trunks that snapped like twigs, sinking knee-deep in a puff of sawdust into seemingly solid logs. Down and down came the rain.

The slog back was even worse: a stray branch snapped my precious telescopic trout rod even as I hove in sight of Lago Negra, boiling with feeding fish. I threw the rod down in a furious fit of pique, cursing and stamping through the bog. "Don't worry, darling," soothed my wife, fixing the rod with a twist of dental floss and a couple of matchsticks.

I snatched it from her and cast; the water heaved; I struck; a 5lb rainbow trout virtually leapt into my arms. "I love you!", I told my wife.

"You prat," she said.

■ **Getting there: Ushuaia has frequent air connections to Buenos Aires; the five-hour flight costs approximately $500. By land, buses take about two days from BA to Rio Gallegos in the far south of Patagonia, from where it is an hour's flight to Ushuaia. From Chile, there is an arduous route from Punta Arenas in the far south of that country, a ferry across the Straits of Magellan to Porvenir, and then a 10-hour bus ride to Ushuaia. A good hotel in Ushuaia, such as the Hotel Canal Beagle, which caters mainly for cruise passengers, will cost upwards of $50 for a double room. Staying at a *casa de familia*, a family B&B, is cheaper and much more fun; ask at the information office on Avenida Maipú.**

Let's rock around the bocks

Frank McGurty finds that American beer drinkers are turning to smaller breweries

AMID the hubbub of a crowded City of London pub, an American expatriate stood at the bar, quietly considering his impending return to the US. Suddenly, as he raised a pint of Fuller's London Pride to his lips, the hoppy aroma triggered a thought that filled him with apprehension – soon there will be nothing to drink except sudsy, soulless American beer.

Not long ago, the US's reputation for boring brew had been well-deserved, but as our home-bound tippler was to discover this month at the Greater New York Beer Expo, that image has become a bit dated.

The genre was once defined by the likes of Bud, Miller High Life and Coors – bland, characterless lagers produced in vast quantities by a few big brewing groups. In the past five years, however, a host of small, independent "microbreweries" has sprung up around the country, introducing a receptive niche market to porter, stout, and ales of all descriptions. The ever-restless American imagination has even managed to spin out some rather eccentric inventions of its own. (Have you tried Cerveza Caliente, a chilli-flavoured lager?)

The variety is just what one would expect in an overheated consumer culture with an unslakeable thirst for choice. The mystery is why the brewing industry took so long to tap the latent demand.

If anything, choosing among the plethora of beers is daunting. This helps explain a parallel phenomenon – a proliferation of beer festivals, at which the curious imbiber can spend an evening sampling the offerings of dozens of brewers.

The trend began on the west coast, home of the greatest concentration of microbreweries and "brew-pubs", an unfortunate term for bars and eateries that produce their own specialty beers. Curiously, the festival concept was slow to arrive in New York city.

The first, and surely not the last, was held in a hanger-like convention hall at the Jacob Javits Convention Center on Manhattan's far west side. It featured about 50 vendors representing the entire spectrum of American brews and a few imports as well.

In contrast to English real ale festivals, at which punters pay a small admission fee and buy pints à la carte, the expo was an all-you-can-drink affair. For $25 at the door, the sturdy drinker could work his way around the room, trying an ounce or two of everything on tap.

First stop was a timid one, although there is nothing timid about Royal Oak, a classic English bottled ale made by Dorchester's Eldrige Pope. After reassuring the palate with a familiar benchmark, it was time to become better acquainted with the domestic fare.

A good place to start was with Anchor, the long-established San Francisco brewer, which has arguably done more than any other American beer maker to inspire the recent renaissance.

Anchor Steam, made in unusually shallow fermenting vessels, combines the smooth characteristics of lager with the assertiveness of ales made with top-fermenting yeast. Because its bold taste stands up so well to chilling, Anchor Steam is well-suited both to the American summertime climate, and to the American inclination to ice every brew as if it were a can of Budweiser (the US variety) even in the dead of winter.

Amid the continued dominance of pale, watery lagers, a surprising number of US brewers are now making porters, one of the darkest and most full-bodied of brews. Anchor Porter, milder and more creamy than its English counterpart, is one of the best. Regrettably, Sierra Nevada, which produces an excellent porter of its own, was not represented at the event.

Bock beer is another dark beer that stands more in the centre of the American brewing tradition. Like lager, bock (meaning "strong beer" in German) is made with bottom-fermenting yeast, but unlike its paler cousin, it has a nuttier, roasted malt taste, which also stands up to colder temperatures better than more traditional top-fermenting ales.

Latrobe Brewing's Rolling Rock Bock won plaudits from several expo-goers. With a taste very reminiscent of light, crisp Rolling Rock lager (also brewed under licence in the UK), this is hardly surprising. Zip City, a New York city brew-pub, also featured a bock. But its tap ran dry early in the evening so the raves the beer won from some drinkers had to be taken on faith.

By contrast, there were resonances of Anchor Liberty Ale, with its strong hoppy aroma and burgundy hues, across the exposition floor. A good examples was Pete's Wicked Ale, an especially robust drink with hints of caramel around the edges. An English friend who has lived in New York for several years lauded Pete's as "a typical American ale", which in itself speaks well for the quality.

Samuel Adams Boston Stock Ale, made by the upstart Boston Beer Co and distributed widely, might have evoked similar praise if it had not been by-passed in favour of more exotic fare. A cluster of beefy lads, whose expansive girths suggested the breadth of their expertise, pointed the way. "I love this Big-Nosed Blonde," said one, referring to one of fancifully named creations of McNeill's Brewery of Brattleboro, Vermont.

These included a concoction called Duck's Breath, a mild ale with herbal undertones and such a smooth finish that it almost tickled the tongue. The sweetish Slop-bucket Brown Ale was immediately identifiable as such by an Englishman who claimed to have grown up with a bottle of Newcastle Brown in his hand. Dead Horse Ale was more full-bodied with a chocolatey edge.

New Haven Brewing of Connecticut took a more staid approach to naming its products, but shared McNeill's determination to distinguish itself from the crowd. Indeed, its Elm City Golden Ale takes the prize as the most distinctive beer at the expo, according to one highly subjective view.

With its mild maltiness, the exceptional smoothness of a Czech pilsner and a delicious buttery texture, Elm City seemed to capture the spirit of the new American brews. It gave a respectful nod to European traditions so long ignored in the US, while asserting an individual character that refuses to be ignored in its own right.

Addresses and information

■ Anchor Brewing, Mariposta Street, San Francisco, California 94107. Tel: (415) 863-8350.
■ Boston Beer, 30 Germania Street, Boston, Massachusetts 02130. (617) 522-3400.
■ Latrobe Brewing, 119 Jefferson Street, Latrobe, Pennsylvania 15650. (412) 537-5545.
■ McNeill's Brewery, 90 Elliot Street, Brattleboro, Vermont 05301. (802) 254-2553.
■ New Haven Brewing, 458 Grand Avenue New Haven, Connecticut 06513. (203) 722-2739.
■ Pete's Brewing, 514 High Street, Palo Alto, California 94301. (800) 877-7383.
■ Zip City 3, West 18th Street, New York, New York 10011. (212) 366-6333.
■ Sierra Nevada Brewing, 1075 East 20th Street Chico, California 95928. (916) 893-3520.

Cookery

The renaissance of Britain's apples

*Succumb to the onslaught of imported Golden Delicious? Never, says **Philippa Davenport***

David Webster

OCTOBER in Wiltshire – a soggy place this year – features an abundance of hedgerow and garden fruits: blackberries, rowanberries, elderberries, damsons, apples and pears. Apples, above all else.

My own trees are sulking, but neighbours complain of being kept awake by the soft and monotonous tom-tom of their apples thudding to the orchard floor. In this house, the apple thud comes through the letterbox in the form of press releases as the high street multiples fall over themselves trying to out-apple each other.

Competition is healthy, of course, and it is right to celebrate the renaissance of growing, selling and eating more of Britain's native apples. Heaven forbid that we should succumb completely to the onslaught of imported Golden Delicious, or that we should allow the thousands of home-grown varieties to be whittled down to little more than Cox and Bramley.

I wonder, though, if we are becoming so obsessed by the number of varieties available that quality is in danger of being overlooked – or, at any rate, relegated to second place?

Egremont Russets, Ellison's Orange Reds and Ashmead's Kernels may be on sale in name, but how often are they the real thing? When did you last buy a Cox and hear the pips rattle inside it? Fruit that has been ripened properly on the tree is, alas, not easy to buy.

Commercially, almost all apples are pulled prematurely from the tree before the sugars and flavours have had a chance to develop. Some of the commercial crop goes straight to the shops. The rest is put to sleep in cold storage, a limbo from which it can emerge into the market place months later as dull and uninteresting as it went in. Mediocrity is the price of maximum shelf life.

Why also, I wonder, do most people think of cooking with apples only in terms of puddings and cakes? We all know such recipes can be delicious but, as one who is not particularly sweet-toothed, I favour promoting more savoury uses of the fruit.

Apples make excellent soups. Try them in partnership with parsnip, fennel, beetroot or cumin. They also go well with celeriac, chopped and fried roughly to serve with poultry, or poached and whipped up into a light, creamy mousse studded with toasted walnuts.

I like the Scandinavian trick of mixing apple sauce with mayonnaise to serve with pork and ham. Let the apple dominate, or the mayonnaise, depending on whether the meat is to be served hot or cold.

Apples go well with sausage meat, pheasant and prawns. Recently, at the Lou Calel in Pujols, near Agen, I was served a wonderful saute of foie gras garnished with fried apple.

Apple and cheese is another good combination. Here is a recipe that bridges the gap between sweet and savoury.

SAVOURY APPLE TART
(serves 4)

Although I have used Cheddar here, this is a recipe that invites many variations on the theme, using other cheeses both mild and pungent. Try, for example, Mrs Kirkham's lovely fresh Lancashire cheese; Mendip goat cheese or traditional French log; or ewe's cheese such as Ticklemore or pecorino sardo.

Some cheeses take longer to become molten than others, of course, and may benefit from being added to the tart earlier in the cooking process than I have specified for Cheddar.

Ingredients: 6-7 oz ready-made puff pastry; 12 oz sharp and aromatic dessert apples (at this time of year, Charles Ross is a good choice); 1 dozen fennel seeds; about 2 oz mature farm Cheddar cheese (Keen's would be my first choice); ½ oz flaked almonds, just as they are or toasted lightly; beaten egg to glaze the pastry.

Method: Roll out the pastry and cut it with a sharp knife to an oblong 8 x 12 inches or slightly more. Trace an inner oblong ½-¾ inch from the edges of the first, taking care not to cut the pastry right through.

Score the pastry borders lightly with a pattern, and knock up the sides with the back of the knife to encourage the pastry to rise well in baking. Fold the pastry gently in two, lift it onto a baking tray and unfurl. Chill briefly.

Peel, quarter, core and slice the apples thinly. Crush the fennel seeds and sprinkle them over the inner oblong of pastry. Add a grinding of black pepper and half the almonds.

Lay the apples on top, taking care to keep them within the confines of the inner oblong. Some cooks might urge you to marshal the apple slices in military rows but higgledy-piggledy is quicker and looks just as effective. Chill for 20 minutes or until ready to cook.

Brush the pastry borders with beaten egg (taking care to avoid dribbles down the sides or the egg will glue the layers together and so prevent a proper puffing up).

Bake on a preheated baking sheet at 400-425°F/200-220°C (gas mark 6-7) for 20-25 minutes until the pastry is coloured richly, well risen and crisp, and the fruit is tender.

Grind a little more pepper quickly over the apples, add the grated Cheddar and then the rest of the almonds. Return the tart to the oven for a just a few minutes until the cheese is molten.

The open secrets of a top chef

*US food star Cindy Pawlcyn talks to **Nicholas Lander***

Trevor Humphries

Cindy Pawlcyn preparing tamales, lobster wrapped in corn husks

IT SNOWED so heavily during the winter of 1980 that Chicago lost one of its best chefs. Cindy Pawlcyn's car was buried under the snow for four and a half months, and after that she headed west, for warmer climes, with two friends, Bill Higgins and Bill Upson.

Thirteen years later they are still friends and partners. They control the Real Restaurants Group which has six restaurants – Mustards and Tra Vigne in the Napa Valley, the Fog City Diner, Bistro Roti and Bix in San Francisco and the Buckeye Roadhouse in Mill Valley – a bakery (Painorama), 430 staff and an annual turnover of more than $30m (£19.80m).

Pawlcyn came to London for a busy visit last week. She cooked lunch for 40 British chefs and restaurateurs and dinner for 300 at the American Ambassador's residence in Regent's Park and in between gave a demonstration at Le Cordon Bleu.

In between all this I had 10 minutes to find out the reasons for her success. By the time we sat down I had one aperçu into her distinctive approach to cooking.

It was not just what we had eaten – lobster tamales with tomato salsa, smoked duck with 100 almond sauce, herb and spice-coated lamb chops and a stunning goat cheese tart with figs – but the fact that attached to each menu were the recipes and quantities, enough for 40. When I said that such details would be treated as trade secrets by British chefs she smiled and said that was not her approach.

The first answer she gave me to explain her success modestly passed the credit back to her suppliers. She said the fertile Napa Valley was blessed with farmers, many organic, keen to grow, breed and pick to her specifications. Lambs were specially fed a heavy acorn diet to give the meat a nutty flavour and the ducks for her kitchens were raised two weeks longer than normal to reduce the fat content.

Over the summer her chefs cooked with 15 different varieties of tomato including black, green grape, Marvel stripe and vine tomatoes. When she needs fresh grape juice she just calls up a neighbouring winery. And the 200 wineries in the Napa infuse the air so thickly with wild yeasts from the fermenting vats that there is never any problem with her bread dough fermenting.

Fresh ingredients have to be skilfully transformed and California cuisine, drawing on an extensive source of culinary influences from Asia, Mexico and, increasingly, the rural US, requires a strong organisation behind the swing door. Pawlcyn leads by example as executive chef but corporate policy is to promote general managers and head chefs to become partners in each restaurant.

Such attention to detail is vital because each restaurant handles an enormous daily volume of diners – numbers that would be the envy of European restaurateurs. The Fog City Diner seats 90 but serves 600 to 700 between 11.30 am and 11.30 pm; Mustards with 80 seats feeds 300 and Tra Vigne with 86 covers feeds 1,000, sometimes 1,500 a day at the weekend.

Americans flock to Pawlcyn's restaurants because of the quality of the food and the value for money. But in the rather more relaxed California setting they are prepared to eat when they can get a booking and work the rest of the day around what appears to many in Europe as a late lunch or an early supper.

Here is one of the restaurant's most popular dishes.

RED CURRY
MUSSEL STEW
Serves six

2¼ lb small black mussels, 2 tablespoons unsalted butter, 2 large cloves garlic, minced, 1 tablespoon peeled and grated ginger, 2 oz peeled and diced tomato, 1 tablespoon Red Curry Paste (from Asian supermarkets) 4 cups canned coconut milk, 1 tablespoon chopped coriander, 6 sprigs coriander for garnish.

Scrub the mussels well and trim off the beards.

Melt the butter in a large saucepan and sauté the garlic, ginger and tomato for 2 minutes.

Add the curry paste and coconut milk, stirring until the paste dissolves. Add the mussels, cover and steam until open, 3-6 minutes (discard mussels that do not open).

Add the chopped coriander, divide the mussels and broth between the bowls and garnish with the sprigs of coriander.

■ *The Fog City Diner Cookbook* (£19.99, 240 pages) is available from Airlift Books (Tel: 071-607-5792).

I'll have the elk

Giles MacDonogh samples a slice of food and life in Norway

AT THE mention of the "social-democratic chicken" I was all ears and I pressed Eivind Hellstrom to describe the beast to me. I imagined a chicken designed by committee; some sort of ostrich, but no, it was a deep-frozen, 800 gram standardised fowl. And it was the only chicken available in Norway.

The "social democratic chicken" is not the only hardship suffered by Norwegian chefs. The country which outrages the sensibilities of millions by its stubborn insistance on eating whales and seals, will not tolerate the importation of foie gras.

Naturally there is no Bresse poultry, Angus beef, pre-salé lamb, Challans or Barbarie ducks; and unpasteurised cheese is deeply frowned on. On the other hand there are consolations of sorts. Game is plentiful: wild duck, grouse, pheasant, elk and reindeer. There is plenty of fish and sea food.

Eivind Hellstrom is Scandanavia's top chef. His Bagatelle restaurant was awarded its second Michelin star earlier this year. It might come as a surprise that he should work in Oslo, which is a far less exciting city than Stockholm or (by all reports) Copenhagen; but Hellstrom is not alone: there are a number of talented chefs juggling for second place in the Norwegian capital at restaurants such as De Fem Stuer at the Holmenkollen Park Hotel, Annen Etage at the Continental, Feinschmecker, D'Artagnan and Babette.

When I was in Oslo last month there was gloom among the chefs about the result of the general election, which had increased the vote of the anti-EC farmers' party. The vast majority of people in Oslo are in favour of the Common Market, and this includes the cooks, who see it as the only means of bringing down the puritanical state monopoly which controls food and drink.

But I should not give the impression that one eats badly in Oslo, certainly not at the Bagatelle. I was particularly impressed by a dish of scallops on a cake of tagliatelle which was got up with tomato and basil to look like a pizza; or the smoked and baked halibut in a frothy caviar sauce; the lobster tart on a buttery cognac and coral sauce; or the wild duck with its appley sauce.

Hellstrom trained with some of the best chefs in France and La Bagatelle is an unabashed "French embassy". Up above the city, at the picturesque Holmenkollen Park Hotel, is the De Fem Stuer restaurant. The chef is Bent Stiansen, the first Norwegian to win the Bocuse d'Or trophy in France.

His cooking pays more lip-service to Norwegian models than that of his friend Hellstrom. I ate a variation of his winning menu: creamy crabmeat with bleak roe; turbot stuffed with crayfish and fennel; reindeer with a sauce of lingonberries (mountain cranberries); and mixed wild berries with a cardomon ice. De Fem Stuer is a popular business dining room and the prices reflect this.

De Fem Stuer's is still quite high-flown stuff compared to the daily diet of ordinary Norwegians. With just half an hour for lunch most people take a couple of open sandwiches to work.

Excellent lamb, smoked reindeer and elk sausage form a part of the farmer's diet, just as the fisherman gorges himself with herrings. Something of this will be found at the restaurant Maud in the centre of Oslo, between the town hall and the trendy, Akers Brygge dockside development.

One highly recommended place, if you just want to see how Oslo ticks, is the Theatercaféen, which was built at the time when Norway became a nation state; and retains its resplendent art nouveau interior. There is hot food but most people eat the open sandwiches.

Bergen, on Norway's west coast, is a fiercely independent city. Hans Inge Bruaroy points out that it is easier to buy large goods in Newcastle or Aberdeen than Oslo, given the problems of negotiating the fjords to Bergen. Bruaroy is one of Bergen's most well-rounded personalities. He runs the Hotel Neptun with its collections of modern art and the best table in the city.

The local theatre director eats there after the evening performance and downstairs his cast drinks into the early hours. The food is good too, if a tiny bit marred by the the chef's fondness for sweet sauces. It was nice to eat baby cod there: the fish which made the city's fortune, with a jazzy, orange and coriander sauce; and some excellent local lamb with thyme on a (sugary) aubergine puree.

At the Fiskekrogen on the quay you eat a less ambitious sort of meal: some of the city's homely specialities such as a creamy fish soup and cod boiled with potatoes. The Fiskekrogen draws much of its trade from visitors to the famous quayside market and the old merchant houses of Brygge. In season venison, elk and reindeer are also on the menu; but there is no sign of that Norwegian mutant: the social democratic chicken.

■ Information: Bagatelle, Bygdoy Allé 3, Oslo. Tel: (22) 44 63 97, prices from £80 a head with ½ bottle of wine. De Fem Stuer, Holmenkollen Park Hotel, Kongeveien 26, Oslo, (22) 92 27 34, from £70. Maud's, Vestbaneplass 1, Oslo, (22) 83 72 28, from £40. Theatercaféen, Hotel Continental, Stortingsgata 24/26, (22) 33 32 90, sandwiches and beer, £10.

Lucullus in the Hotel Neptun, Walckendorffsgate 8, Bergen, (55) 90 1 000, from £50. Fiskekrogen, Zachariasbryggen, Bergen, (55) 31 03 80, from £40.

PERSPECTIVES

Devotees at prayer in the temple of Cao Dia, where the likes of Victor Hugo and Winston Churchill rub shoulders with Buddhist philosophy

I believe in Winston Churchill

***Simon Hollington** ponders the star deities of Cao Diasm, Asia's fastest growing religion*

THE BUILDING jumps out at you from the lush Vietnamese vegetation. Ablaze with dragons, rearing serpents and fantastic birds, the church – or is it a temple, or a mosque? – is a Disneyland of world religions. The all-encompassing eclecticism of Cao Diasm, perhaps Asia's fastest-growing religion, assaults the senses. Adding to the variegated colours are Cao Dia's many star deities, the likes of Winston Churchill and Victor Hugo, who regularly hand down their wisdom through seances to priestly mediums.

Our bus had left Ho Chi Minh city with too little in the way of suspension and too much in the way of faith – including the belief that there was room for just one more farmer, his wife and umpteen chickens. After four hours uncomfortable travel it was a relief when Tay Ninh, the capital of Cao Diasm, came into view.

Graham Greene had made this journey in 1953. Intriguingly, he had once actually considered converting to this eccentric faith. In the end, however, Greene had written in an article in *The Times*: "What on my first two visits has seemed gay and bizarre [was] now like a game that gone on too long."

A "game" though, that many still want to play. After a decade of suppression, today Cao Diasm claims 4m faithful and through its overseas missions is attracting converts from Korea and Singapore.

The appeal of Cao Dia's eclecticism and mysticism through seances, which regularly invoke the spirits of such luminaries as Hugo, Churchill, Joan of Arc and Lenin, must have been attractive to Greene, given his own prophetic instinct. He made good use of the experience, using the Cao Dia sect as a foil in his own portentous novel, *The Quiet American*.

Founded in 1926, following a series of visions by Ngo Van Chieu, a retired civil servant, Cao Diasm attempted to create an ideal faith through the synthesis of secular and religious philosophies of East and West. Cao Dia – which means "high palace", signifying God – caught the imagination of the Vietnamese and by the early 1950s had attracted one in eight of the population of the south. By the middle of the decade, Cao Diasm had established a virtually independent feudal state in Tay Ninh Province, which is bordered on three sides by Cambodia and is only 80km from Saigon.

The Cao Dia's had their own 25,000-strong army, incorporated into the South Vietnamese army during the Franco-Vietnamese War. They were characterised by Greene in *The Quiet American* as the Third Force, which mirrored Washington's wish that they would somehow resolve the Franco Vietnamese conflict.

In the struggle that was to follow, the Cao Dia reviled both the communist guerrilla groups and the government of President Ngo Dinh Diem. Refusing to support the Viet Cong during the US conflict, after the communist takeover of the South, they were violently suppressed and their lands confiscated.

Cao Diasm has now re-emerged, indeed blossomed, under a more sympathetic attitude by the communist ruling party. There is today much talk of "universal peace" around Tay Ninh, where the faithful, in flowing white robes, flutter around visitors like butterflies searching out pollen.

On the day of my arrival a busload of awed converts from Korea and Singapore was kneeling on the marble floor of the pink and green ice-cream-parlour interior of the temple. Wandering around the village-sized compound, with its pink pagoda architecture, entrepreneurial Cao Dia children and would-be guides swarm around, eager to practice their English. However, it takes six of them to convince me that the elaborate fairyland tower infested with decorative green snakes and adorned with pagodas and bells is in fact the public toilet.

A middle-aged women with sparkling brown eyes and the complexion of a child takes me to one side. The Cao Dias are the healthiest and wealthiest-looking people to be found in a country full of hollowed cheeks and stick-thin legs. Luong radiates an understated peace normally associated with absolute personal conviction or controlled use of narcotics.

"Winston Churchill, a wise spirit," says Luong, shaking her head with a wide, white smile. I very much wanted to know what the great man's spirit had communicated, but this Luong explains, to my disappointment, is privy to the Cao Dia Pope and his inner circle of cardinals.

Cao Dia takes its hierarchical structure from the Roman Catholic Church and combines Confucianism, Taoism, Hinduism, native Vietnamese spiritualism, Christianity, and Islam. But it is the tenets of Mahayana Buddhism that form the core philosophy, with the ultimate aim of breaking the cycle of constant rebirth.

Ingeniously, the Cao Dia founder, although believing in one God, divided history into three major periods of revelation. First came Moses and his Hindu/Buddhist/Muslim equivalents and contemporaries. The human agents of revelation during the second period were Buddha, Confucius, Jesus and Mohammed, whose messages were, the Cao Dia thinkers say, applicable only to their age and have subsequently been corrupted. The Cao Dia's see themselves as embodying the third and final revelation, an alliance between man and God.

This neat stacking of religious development is topped off by the masterstroke of invoking the spirits of past Cao Dia leaders, as well as the likes of Rene Descartes, William Shakespeare and Joan of Arc, who all serve as messengers of salvation. However, for some reason it is Victor Hugo who puts in the most regular spiritual appearance, and who has posthumously been named the chief spirit of foreign missionaries.

"Ah yes, Shakespeare, he wrote many times a long document, a very long document," Luong explains. A new play, perhaps? Luong maintains her beatific calm. The time to reveal the wisdom of the great spirits, she explains, has not yet arrived.

The seances are held in what looks like a football stadium and involve a medium holding a long calligraphy brush, which jerks and scribbles out its message to the privileged few. Sometimes, by way of a change, a blank piece of paper is placed in an envelope behind the Divine Eye altar. When removed, there inside is a message from the superstars of yore.

Luong led me to the entrance of the Divine Temple, or Vatican, keen to show off the plaster relief of Victor Hugo and the Chinese poet, Sun Yat-Sen, who are jointly painting a scroll which reads: "Dieu and Humanite Amour and Justice."

"A Walt Disney fantasia of the East" was Graham Greene's description of the Cao Dia Vatican. Norman Lewis called it a marriage between a pagoda and a southern baroque church. The concept is certainly worthy of California, but perhaps Cao Diasm has more commercial appeal than most. The pop star Michael Jackson came to my mind: he, I felt, would love the religion's Christmas cake architecture and its message, oft repeated in my ear, of universal peace and happiness.

It is noon and the faithful are arriving on bicycles to pray at one of four ceremonies held during the day. The white beards and robes of elderly sage-like men provide an atmosphere of an ancient theological university, lending credence to the durability of Cao Dia philosophy.

But my attempts to penetrate the higher echelons of the Cao Dia priesthood proved fruitless. Questions about the religion's funds, and of its apparent wealth, produces more beatific but impenetrable smiles.

Cao Dia temples observe an odd protocol whereby the male and female disciples enter on opposite sides. Women, who may belong to the clergy except at the highest levels, travel only clockwise around the left hand aisle, and men anticlockwise around the right.

The 30-minute service consists of harmonic chanting, with ceremonial offerings of tea and alcohol which are laid at the foot of the Cao Dia altar, above which is the large and unnerving "Divine Eye", set within a huge globe. Below the eye is a pulpit entwined with a cobra. The stunning colours of the clerical robes, blue, yellow, and white, with attendant funny hats, are colour coded according to priestly rank.

As a finale to the mid-day service a priest in a peacock robe burns a message at the altar, perhaps a memo to Churchill or Lenin, asking them to drop by when the spirit moves them. At least they do not have to come by bus.

As They Say in Europe/**James Morgan**

Villain of the piece

HERE IS a thought: the only people really interested in the Maastricht treaty, and what is known traditionally as the "construction of Europe," are the British. That they do not much like it does not nullify the point. The EC occupies centre stage in political debate, or successfully plays the part of stage villain.

In his speech to the Conservative party conference in Blackpool, the social security secretary, Peter Lilley, used the word "foreigners" several times to describe the inhabitants of the community. He managed to give the word the same twist that some Germans achieve when having a go at *Ausländer* (And he committed what the French would regard as a capital offence against their language.) Brussels, Maastricht and Europe are terms of abuse in Britain even though, as I shall attempt to demonstrate, they are not what matter now.

As noted here on other occasions, each nation has its own private vision of the community. The Germans see it as a school for disciplining others to behave properly; the French believe it is there solely to pursue the interests of France. The British seem still to view Brussels as some kind of Hitler, dominated by a mad jealousy of the independence of the island nation which it has to eliminate in the interests of a new *Volksgemeinschaft*, or National community.

But that community is no longer the main pre-occupation of these jealous foreigners. The pursuit of a narrow European union has become notably less pressing just as Germany's highest court gave the green light to the Maastricht treaty (in the face, British Eurosceptics should note, of opponents' arguments that it was not federal enough.)

In a speech that was ignored outside France, President Mitterrand suggested last week that there should now be a confederation of Europe. It is not a new idea, but the view is becoming steadily more persuasive. *Le Monde* noted that the countries of central Europe were fed up with their inability to get themselves accepted as part of a wider European partnership.

'We could well see a new Germany taking action to defend its eastern border interests'

In Berlin, similar thoughts are taking shape. *Der Tagesspiegel* wrote last Monday that there was a need for a "partnership signal" to the east. The failure to provide one was a cause of the attempted putsch in Moscow. "The rejection of this wider strategy," wrote the paper, "would mean the retreat to the little Europe of 1989 and the sure way back to the division of the continent."

If there is such a thing as "European policy," it has to confront two issues. The first is what to do about Germany. The Maastricht treaty represented a not wholly successful attempt to tackle that problem. One underlying premise was that the community's largest, and apparently most energetic, nation was not going to provide forever the compliant leadership that has been around since 1948. The next century, if not this decade, will see a revival of a normal self-assertiveness.

The French are always the most vocal in making the point that Germany has to be "anchored in Europe." (This sometimes sounds like a demand to tether a mad dog, an image the Germans find offensive.) Maastricht provides a makeshift anchor.

The second question is what is to be done about present and potential instability in eastern Europe. In other words, the problem today is about the same as it was 100 years ago: containing Germany and making sure it does not attempt to control an unruly east all by itself.

The British cannot move beyond the view that there is nothing wrong with Europe that a bit of free trade will not cure. This is based on hostility to all *grands projets* which imply an unacceptable limitation of national sovereignty (which, in the British case, is thought to operate best when untrammelled by any considerations other than national interest, even though that interest is never defined).

What the British rarely have grasped is the possibility of ghastly events taking place on the continent of Europe which could affect them. Even relatively recent experience of such events has not cured this self-inflicted myopia. But we could well see, in the next few years, a new Germany taking action to defend its perceived interests on its eastern borders and that, in turn, leading to the exercise of long-dormant muscles by its western neighbours.

In the eyes of the Conservative conference, "Europe" presented a truly worrying menace in the form of those described by Lilley as "benefit tourists" – layabouts and drug addicts who enter the UK to take advantage of certain social security provisions. It must – at least partly – be thanks to the existence of the European Community that this is among the worst nightmares with which Britons are confronted. For the moment.

■ *James Morgan is economics correspondent of the BBC World Service.*

Chess/**Leonard Barden**

Short's last-ditch stand

NIGEL SHORT'S stubborn resistance against Gary Kasparov at London's Savoy Theatre is approaching its long since inevitable end. Short has improved his score from a derisory 2-7 after nine games to a very respectable 6-11 after 17 but, with only seven games left, Kasparov is likely to claim *The Times*'s winner's purse of £1.06m some time next week.

In its wider aspects, the match leaves a mixed impression, confounding both optimists and pessimists. Short lost three of the first four games and sacked his coach, while Savoy seat prices plummeted from an average of £80 to £20. But then, theatre audiences stabilised at 400-700 daily, Channel 4 and BBC2 reported impressive viewing figures, and sales of chess books, sets and computers doubled. The match has sparked a far greater interest among the uncommitted, non-chess playing public than any previous event in the UK.

The Times, with overall costs estimated at £3m-£5m, paid too much for an event which failed in terms of sporting tension. But, for a future sponsor – perhaps considering a more realistic prize fund for a 1998 challenge by Britain's No 2, Michael Adams, who has just reached the world top 10 at the age of 21 – there is every encouragement.

The action will now switch to the rival world championship in Jakarta where Anatoly Karpov of Russia, leading 7-5, resumes tomorrow against Jan Timman of the Netherlands after an adjournment caused by the sudden withdrawal of Oman and a £900,000 prize fund, followed by a frantic search for a new sponsor.

The Indonesian match is organised by the long-established International Chess Federation (FIDE), the 149 affiliated federations of which are confronted by the Kasparov-Short breakaway Professional Chess Association (PCA). The war is still in its early stages, and promises to be bitter.

FIDE is committed to a SFr1m (£400,000) minimum prize fund. If that is not forthcoming, Karpov and Timman will sue. If it is provided from capital reserves, FIDE will be stretched financially – particularly since its funds include a SFr500,000 deposit from Intermark, a Californian group which attempted to raise funds for a 1993 title match but failed because of the Los Angeles riots. Intermark is now asking for its money back, alleging that its contract was only for a match involving Kasparov.

FIDE hopes that Bob Hassan, the Indonesian CF president and a lumber millionaire who is close politically to Indonesia's President Suharto, will sponsor the Jakarta prize fund. If so, the FIDE-PCA war is likely to continue with two separate world champions, until at least 1995 when both organisations stage their next title matches.

Meanwhile, the grandmasters, TV pundits, organisers and writers at the Savoy are planning their post-match moves. The immediate aftermath will include two instant books of the games, one by Raymond Keene of *The Times* (for Batsford) and the other by Daniel King of Channel 4 and Donald Trelford for Cadogan, both announced at £7.99. But the best revelations are likely to come from Dominic Lawson's Macmillan book, planned for December, aimed at the general reader and written by an insider in the Short camp.

■ Chess column: Page XXIII

Despatches/**Gillian Tett**

From Russia with stitches

IT WAS a moment one never believes will actually happen. On my left a Russian nurse, sporting outrageous green eyeshadow, was trying to push a huge needle into my arm. On my right, another nurse was fiddling with a 1950s-style machine, with shiny dials and ominous steel levers.

Above me, as I lay on the operating table, a bearded surgeon was asking, in sign language, if I had any allergy to medicines. "No – but do you have any disposable needles?" I squeaked nervously, as I tried to remember the Russian for "blood transfusion."

Ever since I had first arrived in Russia, I had regarded its medical system with horrified awe. I had heard the aprocryphal rumours of equipment-starved hospitals, where conditions were suspect and hygiene was minimal. Indeed, in central Asia I had once made an anthropological study of a village hospital, which had left me relieved that I had never been ill there.

I had never expected that I would be thrown on to the mercy of a Russian operating table myself, let alone in the remote town of Chelyabinsk in the Urals. I had not even arrived under any politically dramatic pretext. Earlier that evening, while visiting the *dacha* of a local political leader, I had mistakenly opened the cellar door looking for the toilet – and tumbled 12ft down into the darkness, slicing my leg in gory fashion.

As we later sped through the night to Chelyabinsk's best – or it seemed, only – hospital, I breezily declared that all I needed was a few quick stitches.

But "quick stitches" were not, it seemed, something the Russian medical system was geared for. In spite of being one of the most industrial regions in Russia, with 3.6m inhabitants, Chelyabinsk's hospital did not have any local anaesthetic. Nor did it appear to have an x-ray machine, or, as I later discovered, any elasticated bandages.

What about disposable needles? my companions asked. I reflected that at least he had never heard of press reports of hepatitis or Aids in the Urals. "Sadly, we don't have any," murmured the surgeon, as he made a great show of sterilising everything in sight.

"Well, I don't want anyone else's blood under any circumstances," was my final plea, as the general anaesthetic took hold.

Four hours later I came around, dizzy and thirsty. As the hospital's first Western visitor I had been assigned the best suite – a single room, with a wash basin, iron-sprung bed, two broken radios and a mysteriously locked fridge. A young medical assistant popped in, sloshed iodine everywhere, and solemnly informed me that I had 20 stitches, sewn with thread that looked like gardening twine.

Hours later I was woken again, this time by a sturdy *dezhurnaya*, the legendary caretaker women who control the keys to every institution in Russia, wielding God-like power. "Breakfast is ready in the restaurant. Sit in your correct place – Number 5," she barked.

I limped shakily down the dimly lit corridor, decorated – I later noticed – with posters warning of the dangers of industrial electrocution. Just when I had found place Number 5, another *dezhurnaya* popped up. "It's too early!" she shouted, ignoring my leg.

I obediently limped back. My surgeon reappeared, looking exhausted. He daubed thick black liquid on my leg, turning itinto something from a horror film set.

As I attempted to engage him in small talk, he told me that most of the doctors in the hospital were Jewish or German. The surgeon – who I was later told by Western doctors had done an extremely good job – had seen his salary slashed by economic reform, and earned the equivalent of $40 (£26.40) a month. Meanwhile, he told me, I would have to stay in the hospital for several days.

Horrified, I hopped back to the restaurant, where the rest of the patients had been rounded up by the *dezhurnayas*. They all looked remarkably healthy, but on closer questioning it transpired that many had already been in the hospital for weeks, reluctant to relinquish the free treatment, food and gossip – the two main topics that day, I discovered, was my own arrival and the "terrible events" that had been happening in Moscow.

A mug of tea, with a ration of sugar – a luxury that I alone was given, apparently because I was a foreigner – was plonked in front of me. Then came a tin bowl of cold *kasha*, buckwheat porridge. I ignored it. But the *dezhurnayas* were determined. "You've got to eat your *kasha*," one said, chasing me down the corridor. Defeated, I limped into my room with the *kasha* and hid it in a drawer.

Hours later, to my huge relief, a cheerful American journalist from the *Christian Science Monitor* appeared, clutching bars of chocolate and a doctor's white coat. In accordance with the "hygiene regime" in the hospital, he had been ordered to wear it before entering my room.

Tickets had been obtained, he said, for the next flight to Moscow. And although Aeroflot was officially banned from carrying sick passengers, a Finnish doctor had advised drinking vodka so that I could play drunk if there were any questions.

The release forms were finally produced, the *dezhurnayas* gave me two more bowls of *kasha* and then finally, to my relief, I was free to go.

"We are hoping to introduce all kinds of new equipment, although these economic reforms have made things very difficult. So of course we would like some Western aid," said one of the doctors as he gave me a final check. "I do hope that this hospital can see you again," he added.

It was not a sentiment I could truthfully share.

The scent of success for an innovative German

***Richard Rawlinson** on the inspiration behind Wolfgang Joop's collections*

IN HIS native Germany, 48-*year-old designer Wolfgang* Joop (pronounced yope) is as famous as Helmut Kohl and Boris Becker. Like any national treasure he is hounded by tabloid gossip columnists.

He is either hailed as *the* Prussian designer or accused of being a spy for the Stasi, the hated former secret police, simply because he was born in Potsdam, East Germany. Both attributions are far-fetched since his family moved to the west when he was eight.

On the face of it, Joop's celebrity status seems remarkable in a country notably devoid of fashion stars. But in fact, it is his novelty value that is the key to his success. Joop's decision to pose in his own scent advertisements was an ingenious, if vainglorious, marketing ploy. It made him a household face, a personality behind a label, someone with whom people could identify and call their own.

While Karl Lagerfeld turned his back on the fatherland to rejuvenate Chanel, Joop won respect for showing his collections from his headquarters in Hamburg.

While most German fashion houses employ anonymous stylists and give brands British or Italian-sounding names in order to have export appeal, Joop stands proudly by his surname (ironically of Dutch origin), adding an exclamation mark to it on his label as if to emphasise his uniqueness as a bone fide, hometown designer.

Since setting up the Joop! label in 1980, with plans to specialise exclusively in furs, he has built an empire embracing womenswear, menswear, scent, a jeans collection and ranges of shoes, leather goods, hosiery, eyewear and furs.

Next year, he is introducing childrenswear and underwear ranges but he is axeing his fur collection because of decline in demand.

The manufacture of each collection is licensed to large German companies – Jobis for womenswear, Windsor for menswear, Mustang for jeans – meaning the Joop! company remains free of the financial burden of factory production. It allows Joop! to focus on product design and marketing. At a time when other luxury goods companies from Dunill to Louis Vuitton are feeling the pinch of recession, Joop! sales rose 33 per cent last year to $167m (£110.50m).

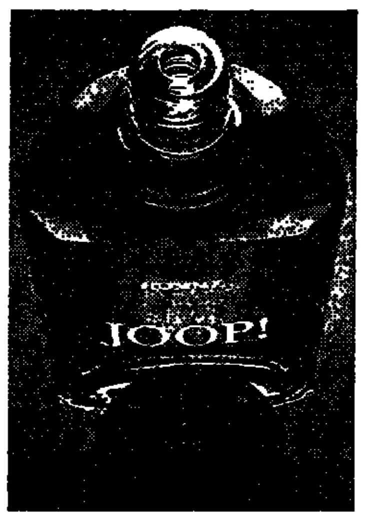
Like a fish that has outgrown its pond, Joop knows that continued expansion depends on his acceptance in the international fashion arena. He has just set plans in motion aimed at establishing himself as a major European designer.

Last year, he launched his scent

Joop: has attained celebrity status

in the US and the UK. in the UK it is stocked by 500 Boots chemists and leading department stores. He also introduced his menswear to selected stores including Liberty and Harrods in London, Christopher Scotney in Leicester, Norton Barrie in Wilmslow, Cheshire, and Smiths in Edinburgh and Glasgow.

He plans to increase his menswear presence to 50 stores nationwide next year, starting with London's Harvey Nichols. He is also



Joop! for men, £34 for 125ml

opening a store on Madison Avenue in New York next year and will show his collections on the New York catwalks for the first time.

However, in the immediate future, readers of glossy magazine advertisements are more likely to associate Joop's well-groomed, tanned and beaming visage with fragrances, not clothes.

While Coco Chanel was already a legendary couturier when Chanel No 5 arrived in the market place, Joop, is reversing fashion's traditional order of doing things.

Joop sees himself as an innovative designer, someone who, "not only gives people what they want, but gives people what they did not know they wanted".

He purports to be a pioneer of bright colours in menswear and his vivid red jackets bedeck the backs of many television chat show hosts. His autumn/winter 93 collection includes dandified red and white striped blazers, scarlet velvet frock coats, bold yellow check suits, baggy overcoats in outsized checks, a preponderence of black leather jeans and black, felt cowboy hats.

But if discreet British taste has trouble relating to such extrovert dressing, flamboyant styles are only half the story. Joop is sufficiently commercially-minded to realise that Rupert Bear suits keep cat-walk photographers happy but grey suits, denim jackets and white shirts keep the bank manager friendly.

Like the UK's Paul Smith, he describes his designs as "quality classics with a twist. He admires traditional English menswear but likes to combine country and city styles, heavy-looking, rough-textured tweeds and chunky knitwear with smooth silks, fine lightweight wools, cottons and leather. He may accessorise a tweed sports coat and a pair of corduroy trousers with a bright waistcoat and a loud, patterned kipper tie.

Joop! costs more than Hugo Boss but less than Cerruti and Giorgio Armani, with a suit retailing from £390 to £495, a jacket from £250 to £325 and a shirt from £65 upwards.

When approaching womenswear, Joop adheres to the "less is more" school of thought. He is disparaging about Escada – "for nouveau-riche Arab princesses – and the showbusiness element of the Paris catwalks.

"Lagerfeld may have made Chanel fun, but I cannot believe that many women want to be wrapped in gold chains from top to toe and wear men's underwear with a tweed jacket," he says.

Joop's womenswear for this autumn is inspired by the Berlin of the 1920s with an emphasis on a streamlined silhouette achieved by softly-tailored, long, A-line overcoats, little cloche hats, hemlines stopping just above or below the knee and a liberal use of floaty chiffon in eveningwear.

He has also concentrated on

Long and lean this winter

Very sober masculine chic

trouser suits consisting of flared or cigarette pants and tweed box jackets, often with velvet lapels.

Mink and fox stoles are very much in evidence, although real fur will be replaced by synthetic versions next year. "I have come to the conclusion that fur is no longer relevant in the 90s," he says. "Contemporary chic is a woman in a pretty, floral dress and tailored jacket or a man in a suit and a simple T-shirt. The mood is casual and young-spirited. Fur does not fit in with modern life."

As the Joop! collections are rolled out across the US and the UK (womenswear, though, is not destined to reach the UK before next year), the designer is unlikely to miss revenue from fur sales.

Joop will retire from the star role in his own advertisements. "I was beginning to feel like Marlene Dietrich," he says. We may not see his face as much in future, but the increasing availability of his clothes should prevent us from forgetting that he is around.

■ *Richard Rawlinson is associate features editor of* Fashion Weekly.

Chaps, too, can be flamboyant

HOW TO SPEND IT

On foot among the elephants of Tsavo East

Jerome Cotter

The in-crowd Out of Africa

Lucia van der Post picks the best to beat the bush

How it used to be – an archive photograph from Bartle Bull's wonderful book, "Safari", published by Viking

THE GREAT FT elephant safari is back and all of us who were lucky enough to wander through the wild spaces of Kenya and Tanzania with Iain and Oria Douglas-Hamilton as our guides felt that we found something of the Africa we had dreamt of in the months before.

We could not escape the Land Rovers or the small aircraft that flew us about, but in our remote tented camps we could nurture the illusion that we were alone with all Africa around us. We could get to know a small portion of Africa: its soil, its plants, its wildlife, its birds and its people.

Day after day we set out to find elephants, to see the chimps with our expert, Roland Purcell, to walk along rivers and up ridges with our Masaai guides, to picnic under trees, to look for cheetah and lion, and we found enough and did enough for us all to feel that we had had a privileged glimpse of a world that has been hugely threatened but seems now to be fighting back.

We learned to adjust to African time and that lunch and dinners could wait when there were herds of elephant or flights of spoon-billed storks to be gazed at. And some of us learned the hard way that when you head for the bush it is surprising how little you need, but what you need you cannot do without.

Times have changed since the necessities required by a young man setting out for Africa (as Tricia Foley tells us in her beautiful book *Colonial Style*) comprised 40 different objects including khaki ties, a wool bush shirt, leather leggings, a green canvas bucket, a folding chair of green canvas with leg rests, a compact chair bath and wash-stand that fits into a bag, a fitted cook's case, a steel helmet case and two hurricane lamps.

Victorian ladies, too, had their own necessities. Agnes and Cecily Herbert, for instance, in their African venture, wore "knickerbockers, gaiters, stout English shooting boots and khaki safari jackets, the wide pockets busy with string, knives and other handy aids. When particularly delicate stalking was required, Mary would remove her boots and hunt in her stockinged feet."

These days our needs are simpler but it is still possible to get it wrong. The classic mistakes are to dress as if going to a theme party. This means, in my experience, avoiding anything with the label "safari" attached to it. Khaki and shades of green and beige are to my mind the most attractive colours to wear in the bush, and there is nothing to beat proper cotton. The Gap stores, for instance, now stock sand-washed khaki trousers at £30 for men and £28 for women, as well as good dark khaki shirts at £32.

Those who want to pay more and like a fancier label can browse through the Polo Range at Ralph Lauren. Marks and Spencer often has good khaki cotton shirts and sweaters and Blazer has yielded some wonderful, if pricey, goodies.

When it comes to women, forget Meryl Streep – keep your *Out of Africa* gear for looking glamorous on the patio. What you need are well-cut beige or khaki shorts – most of the middle-market labels such Stefanel, Liz Claiborne and Marks and Spencer do them in the summer. I also have a pair from Banana Republic – sadly not what it was in its idiosyncratic heyday but still worth visiting whenever you are in the US.

Good khaki shirts are harder to find so buy them when you see them. Good khaki T-shirts are easier – the best-wearing I found were by Jil Sander at the surprisingly good price of £15. If you keep your eyes skinned in everyday chain stores you will be able to buy yourself a perfectly satisfactory wardrobe at comfortable prices.

The new breed of mail order companies, such as Racing Green (tel: 0345-331177 for a catalogue, or visit the new flagship store at 193-197 Regent Street, London W1) and Lands' End (tel: 0800-220106), which specialise in classy basics, are good sources.

You need at least one really warm sweater and, ideally, a wind-cheater. The fleecy jackets from Patagonia (dubbed Patagucci because of its cult status and vertiginous prices) are marvellously soft and warm, but they look less at home to me in Africa than they do in the Alps.

Hats, for us ozone-phobic Northerners, are essential. About hats there lurks a special culture – as the travel writer Jan Morris has pointed out, real travellers need a certain touch of loucheness about their dress. This can most satisfactorily be provided by a hat.

Felt hats, Saba Douglas-Hamilton, Ian and Oria's 23-year-old daughter, tells me are the thing. As one of the quirky old Banana Republic catalogues put it: "The point of owning a fur felt is to use it over a lifetime – as the years go by, it grows softer and softer, takes on more and more of your personality. Your fur felt hat will still be sitting rakishly on your head when your old favourite jeans have long since gone to denim heaven."

A good felt hat can be bought at The Survival Shop, 11 Western Colonnade, Euston Station, London, NW1 for £59.95, though to pass the Saba test I dare say you should duff it up a bit.

For the young set 23-year-old Saba Douglas-Hamilton provided me with some insider tips on what the Kenya kids consider proper gear.

The first thing to remember is that the way the Kenya kids or the Kenya cowboys dress has evolved around a cult of toughness. Short shorts of heavy duty cotton khaki and short-sleeved khaki shirts are standard gear. The guides in the camps never, ever, don a sweater. Only cissies, it seems, feel the cold.

Feet, they would like you to think, have been hardened by years in the bush so the old game department shoes called chapleys or "thousand milers" (made out of bits of old tyres and worn by the Masaai, who like them best if the bit of tyre at the back still has the number on it) are the chicest way to clad your feet.

Chapleys cost about £10 from Patambacoda in Nairobi. They are made from two pieces of leather crossed at the front, leaving much of the foot exposed to scratches, mosquito and tsetse fly bites, not to mention snake-bites – and anybody who has read Kuki Gallmann's beautiful saga of Kenyan life, *I Dreamed of Africa*, will remember that this is a matter in which Saba is well-versed. On no account wear socks. If you cannot quite match up to these levels of toughness then safari boots from a Bata shoe shop will do.

Women should wear battered straw hats which they can customise with scarves wound round them (though not leopard-spotted ones). A good plain leather belt or a beaded Masaai one (£9.99 from Africraft in the Africa Centre, 38, King Street, London WC2) holds up the shorts and on it you hang a Leatherman knife.

Kenyan kids wear leather thongs around the neck, sometimes with little pendants, twisted copper bracelets or Masaai beaded ones round the wrists, all found in the Nairobi markets.

In the evenings, no matter how remote the camp, Kenyan kids shine. Saba would wear something long, simple and slinky that came out of her little holdall, wrap a shawl around her shoulders, put on some zany ear-rings and look a million dollars.

Zoe Fuller at Roland Purcell's camp was wondrously clever with kikois, the traditional multi-purpose bright cotton wrap that is found all over East Africa. It is well worth packing two or three. £22.50 from Davies, 10 Great Newport Street, London WC2 or £11.99 from Africraft in the Africa Centre. Shawls are the quickest, most glamorous way to wrap up in the evening and can, if you choose the right one, do double duty in the chilly early mornings. Chaps either wear shorts and cotton shirts or also do clever things with kikois.

There are still a few places left on the Douglas-Hamilton/FT elephant safari leaving on February 2 1994, returning on February 19. Anybody wanting a full itinerary should write to me, c/o of the Financial Times, Number One Southwark Bridge, London SE1, marking their envelope "Safari". It is organised, as was the last one, by African Explorations, Holwell Manor Bar, Holwell, Burford, Oxfordshire, OX18 4JS. The cost is £5,499.

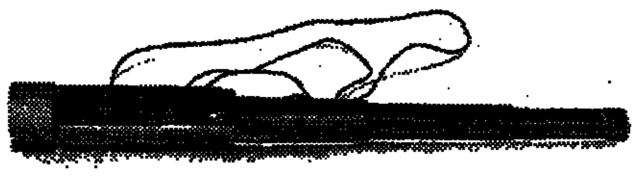
Margaret Keedy

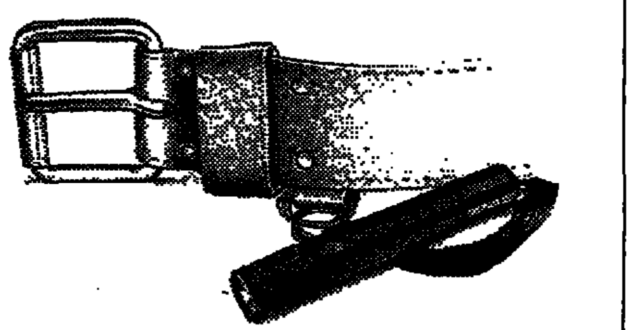
How NOT to do it. If you think no one could be *so* daft, you'd be surprised

Sketched below – some safari essentials. Waterbottle and mug, £6.95 from Penrith Survival Equipment, Morland, Penrith, Cumbria CA10 3AZ. Masaai belt, £9.99 from Africraft at the Africa Centre, 38 King Street, London WC2. On it, the cult pocket-knife of the Kenyan guiding community – the Leatherman, £55 from The Survival Shop, 11, Western Colonnade, Euston Station, London NW1 and Penrith Survival Equipment. Felt hat, £59.95 and suede desert boots, £39.95, from The Survival Shop

English canvas and leather rucksack – ideal for carrying binoculars, cameras, insect repellant, high-factor sunscreen, hat, peppermints, Wet Ones and all the other essentials for a day's game-viewing. *Made by* The Stockbag Company, it costs £46.95 by mail from 140 Battersea Park Road, London SW11 4NB

Drawings: Ashley Lloyd





Retractable monocular magnifies 25 times (most binoculars magnify eight or 10 times) and weighs justs 120 grammes. £34.95 from Penrith Survival Equipment.
The smallest of the Maglite torches clips on to a belt. £9.95, Penrith Survival Equipment

GARDENING

The sure way to extended growth

Feed your plants regularly and they will last right through into the autumn, says **Robin Lane Fox**

NON-ENTHUSIASTS sometimes complain that gardens are two-month wonders which look fine in April when hundreds of narcissi have been tipped out into the grass, and even better late in June when the old roses are in full spate. Those same roses soon lose their leaves and look wretched. By autumn, gardeners already are talking of autumn colour; but it can be seen in woods and hedgerows without the need to worry over staking a young parrotia.

Non-gardeners have to be unjust: otherwise, they might surrender to what they recognise. My aspirations are exactly contrary to theirs: I want to prolong and extend by extracting as many weeks as possible out of the year. Long seasons are a work of art, combined with cunning.

This year, I am particularly conscious of an under-used weapon in our seasonal armoury: if you want to extend it, feed it.

The wet autumn might have helped them, but artful feeders should still be enjoying sweet peas, swathes of flower on penstemons, a second flicker on phloxes, an afterglow on several delphiniums, and a willingness in anything half-hardy to flower flat out until the frost. If your season has tailed off, you gave up the battle too soon: you also need the gadget which I acquired, belatedly, at this July's Hampton Court show.

Feeding is no longer a matter of lugging watering cans to and fro and trying to drench a border with the right dose. Nowadays, you can do it all by hose, as I have been far too slow to realise. Fertiliser firms sell a special spray attachment with a glass which can be filled with the right measure of their product. It locks on to the hose and can be pulled round the garden, fertilising while you spray water through its adjustable head.

No longer do we need to wonder how many litres the old gallon can will hold, or how many grams and fluid ounces amount to an old British tablespoon. The hose head is filled with fertiliser to the level of the arrow marked on its side; it sticks on the hose, and the water flow will take up the fertiliser and add it to the evening watering.

We all talk as if plants like to eat: in fact, they can only drink, absorbing their chemicals through moisture in or around the soil. Spray feeding is a drenching which is true to a plant's needs.

All summer, I have found it a therapeutic business, walking round the garden with a spraying hose which is said to be doing good. Over-keen gardeners are prone to a natural mistake: impatience. Wanting quick returns, they increase the dose, step up the volume, and think they are forcing their plants to put on far more growth in a year.

Their natural modern ally is the high-nitrogen fertiliser called Miracle Gro, the darling of front gardens. This modern Miracle certainly puts a bomb under anything with green growth but, in my view, it is an extra, not a staple. Heavily-miracled plants end up with more green growth than flowers, more greenfly, and less of a solid base with which to face the winter. They are over-forced.

For the garden's enduring backbone, I continue to swear by Phostrogen. Little and often is the Phostrogen principle and, as a result, my £12 bucket of the stuff has lasted since mid-summer and prolonged almost anything it has touched. It remains excellent value.

Phostrogen's makers now sell a hose-head fitting which is the ideal Christmas present for gardeners who have everything except a garden with as many late flowers as mine in mid-October. The simple head will lock on to any diameter of hose and, if you are quick to work out the open, close and fill positions on the grip above the glass, you will not end up with such a heavily-fertilised pair of gardening trousers as I contrived in the first two weeks of operation.

I write about it now because I have seen the evidence. Earlier this summer, I picked on the advice of a leading female head gardener who advised that we should all feed our plants in urns and big pots very heavily in order to prolong them throughout the winter.

Having obeyed her, I can confirm that she is right. After two months' regular Phostrogening, I still have huge sprays of flower all over the scented heliotropes, a steady glow on the dark blue salvias, and a continuing crop on the dark pelargoniums.

When you begin to spray little and often, you will naturally start to wonder if it is really worthwhile. I am writing this article with the answer before my eyes. Plants which have been fed steadily are still flowering freely: those which were not fed have packed up.

I am not so concerned with the doubting gardeners: I am more interested by doubting scientists. Some of them argue that spray feeding is ineffective because it aims at the plant's leaves. Some of the spray evaporates and much more of it misses the target.

In absolute terms, they may be right, but much of what misses hits the earth and reaches the roots and, in the right conditions, it is not wasted.

Those conditions are two: the earth itself must be damp so as to absorb the spray, and there should not be such a strong heat that the fertiliser disappears in a haze. The moral of the scientists' case is that we should spray in the evening when the sun is low and the ground already is damp, if necessary from an earlier watering.

When philosophers were arguing that matter existed only in the mind, Dr Johnson simply kicked a stone and remarked that he "refuted them thus." I think the experts are wrong because they have not watched my fuchsias. Since early July, I have drenched them in Phostrogen and, since August, I have not drenched my trousers at the same time.

They set two crops of buds and then, as standard bushes in pots, they have set and opened a third now. They love fertiliser and a damp atmosphere, especially over those leaves that greenflies otherwise adore. This autumn has provided the damp – but I have provided the fertiliser.

My postscript to this season's flowering is that next year you, too, should equip yourself to fertilise while you water by hose. October, I promise you, will not look the same again.

This Graham Rust drawing is taken from "Some Flowers," by Vita Sackville-West, published by Pavilion Books (£12.99, 112 pages) in association with the National Trust. Issued first in 1937, she chose 25 of her favourite flowers, describing their appearance, origins and characteristics. In this new version, the Rust watercolours replace black and white photographs

You'll never look at a lawn the same way again

***Bridget Bloom** discovers that mowing your patch of green, green grass can be positively harmful*

FLY OVER the suburbs of any American city and what do you see? Swimming pools, perhaps, in the more affluent, but the most common sight surely is the green of countless well-mown lawns abutting pavements and paths. No hedges there, and few flower beds.

In Britain, home of the herbaceous border, the pattern is somewhat different, for the garden hedge still marks many a surburban boundary. But lawns are still important, as the hum of the mower attests in any surburban street at virtually any weekend hour. But should they be?

Grassy spaces may rest the eyes or assuage the spirit, but what they do to the environment might be positively harmful. That, at least, is the challenging thesis of three American academics who, in a refreshingly non-polemical 150 pages, argue that in their efforts to make lawns "a constant companion of surburban development." American gardeners "unnecessarily contribute to some of the most severe problems facing the world today."

According to professors Bormann, Balmori and Geballe, authors of *Redesigning the American Lawn* (Yale University Press, £16, 295 pages), irrigating lawns depletes water resources while mowing them using aerators, leaf blowers, weed whackers and edgers "all add to pollution and eventually to global warming."

Excess fertilisers and pesticides run off into streams and lakes. Even lawn clippings swell household waste vastly.

The professors quote some impressive statistics to show how the "lawn care" industry – at \$25bn a year equal in size, apparently, to the pesticide market world-wide – wastes precious resources. In one hour, it seems, the average power mower emits pollutants equivalent to a car driving 350 miles. Indeed, California's Air Resources Board claims that annual pollutant emissions from "lawn utility machines" in that state are "equivalent to the emissions of 3.5m 1991-model automobiles driven 16,000 miles each."

Across the US, lawns cover 25m acres, making grass the country's largest single crop. Lawn owners use up to 10 times more chemical pesticides an acre than do farmers, while lawn watering has become so common that, in western states, it can account for 60 per cent of urban water use.

Britons are not, perhaps, so fanatical and thus are more likely to be open to the less radical of the professors' suggestions – use fewer chemicals, and mow and water less often. The most far-reaching proposal, however, is revolutionary in the US context: re-design gardens to suit the natural ecology: rockeries, not greensward, in Arizona; scrub and shrub, not lawn, in Nebraska.

Such basic change is difficult to envisage in the US, but could it happen in Britain? Dr Philip Gates, a botanist at Durham University, believes UK gardeners will have to change their habits, not so much because of what they do wrong now but because change will be forced on them by fundamental alterations in our climate.

In *Spring Fever* (Fontana, £5.99), Gates rues a thesis propounded late in the 1980s when British summers suddenly seemed hotter and winters milder. Gates believes UK gardeners will have to get used to a new calendar. No longer will they be able to count on putting up their feet for four or five months of the year, lulled into inactivity by a roaring fire and the seed catalogues. A milder and probably drier climate will extend the growing season, allowing little respite from pruning, planting or mowing, if they are to maintain today's type of garden.

Most British gardeners will find this unwelcome, Gates surmises, and not just because they like to be idle in the winter. He believes many people will "recoil in horror" at the onset of a Mediterranean-type climate, since it could mean the disappearance of beloved landscapes. Gates' remedies accord with those of the American professors: respect natural ecology, do not fight it, and conserve or adapt precious habitats carefully to the changing climate.

It is rather less clear where the message of *Building Green*, published by the London Ecology Unit at £12.95 (and with a foreword by the Prince of Wales), fits in. Authors Jacklyn Johnston and John Newton would have city dwellers plant much more greenery, and tell us how to do it.

In the city of tomorrow, not only would they have more trees alongside buildings and more vegetation in courtyards and on balconies and terraces – they also would create meadows and lawns on the roofs of houses, factories and offices.

Many of the ideas are obvious and some are fun, but they do come with a "health warning": check with a professional – and, perhaps more to the point, your insurance broker – before you follow the authors' advice.

PROPERTY

For those who want to buy in France

Anthony Blond finds much to commend in a new guide to acquiring property over the Channel

HER Britannic Majesty's consuls-general would save pain, misery, tears and woe for their subjects – and much repetition of information by themselves – were they to give a copy of an excellent little guide to every British householder registered with them in France. (A less benign precedent exists in the gift to German newlyweds of Adolf Hitler's *Mein Kampf* during his tenure of the chancellery; but that was a boring and incomprehensible work, which this *is not*).

The guide is by Elizabeth Morgan, who begins with a husband but ends up as a single parent with two grown-up daughters. She is an actress and writer who is also a practical, lucid and experienced setter-up of houses (or, rather, holiday homes) in France, having been through three in 20 years.

Sensibly, she has stayed in the same neighbourhood on the ground that French neighbours, *once* acquired, should not be shed lightly.

This is not difficult because the provincial French, unlike the gipsy-footed Brits, tend to stay put, sometimes for centuries. But they do die, eventually, and their children will have skipped to a town or to Paris, the great maw feared and disliked by the rest of France but lived in, or around, by a quarter of the population.

This means *that* there are thousands of houses, including some of the 40,000 châteaux, for vacant possession at a quarter to a fifth of the price in overcrowded England.

Many need rewiring, re-roofing, connecting to the mains and furbishing but, mostly, these *vieilles pierres* are not about to fall down. The French, however, do not like these old stones, preferring the detached *pavillon*, ordered from a brochure, with thermostatic central heating, satellite television, a wodge of cypresses and a double garage.

The obtrusive signs of estate agents have not reached deepest France, and seeing a small yellow sticker saying "A Vendre" and noting the name and number of a *notaire* – often, the only one in the town – is the first move. He will have other properties to offer, in a very unpushy way, for the *notaire's* chief interest is to clear the estate and his money comes from the fees: say, 17.5 per cent on a house costing FFr200,000 (£23,300).

The *compromis* is the agreement to purchase and an agreed price from which you, but not the vendor, can back out – albeit with forfeiture of the deposit. The *acte* is (for once) what it sounds like and Morgan describes how, at some moment in the transaction, the *notaire* might have to make an urgent telephone call or visit the lavatory for a prolonged period.

At this point, a wad of notes changes hands; for although the French are the most regulated and obedient nation in Europe, a few anarchic, ancient, habits survive.

Morgan is efficient about curtain poles (brilliant in France), junk and antiques, giving details of every market; the danger of sun oil; un-itemised telephone bills; sub-letting (don't); amorous workmen (this is very much a woman's book); ironing boards, (buy in France), and irons (buy in England). She even tells us the worthwhile radio and television programmes.

She advises against importing British labour, bouncing a cheque, or confronting the French bureaucracy with anything but the humblest of miens. A real *vade mecum*.

■ *Can We Afford the Bidet? A Guide to Setting Up House in France. By Elizabeth Morgan. Leonard Publishing, 176pp, £14.95.*

Agents who fail to move houses

MANY French agents were keen enough when it came to finding properties for British buyers in the heady days of the late 1980s, but few showed much enthusiasm for marketing them when, bitten by recession, so many owners wanted to sell. That is the opinion of London estate agent Maurice Lazarus.

He wonders how many hundreds of British owners must have French properties they would like to sell but whose particulars are getting dog-eared on a French agent's files because he does nothing to promote them

Lazarus, who runs Domus Abroad, suggests part of the problem is that the smaller French agencies do not usually present re-sale properties in a way that attracts British buyers. They do not, for instance, produce a spread of colour photographs, as do many British agents, relying instead on a photocopied sheet.

Referring to properties in square metres, instead of sizing them by by the number of bedrooms in the British way, might be a good system but confuses UK buyers, says Lazarus. So does the practice of referring to "habitable areas."

Lazarus's main criticism, however, is that many French agents wait for buyers to come to them and do not seek purchasers actively in the way that many British agents do. Yet, he feels there is a market – albeit small – that is worth attracting.

One possibility is that people getting little on investments elsewhere might be prepared to put money in a holiday home or something bringing in rental income. "Such properties are getting a good return just now," he says.

Lazarus suggests that re-sales put on the French market by other Britons might suit very well in such cases, adding that his agency would be happy to try selling properties in France for UK owners who have been unable to find a purchaser through a French agent.

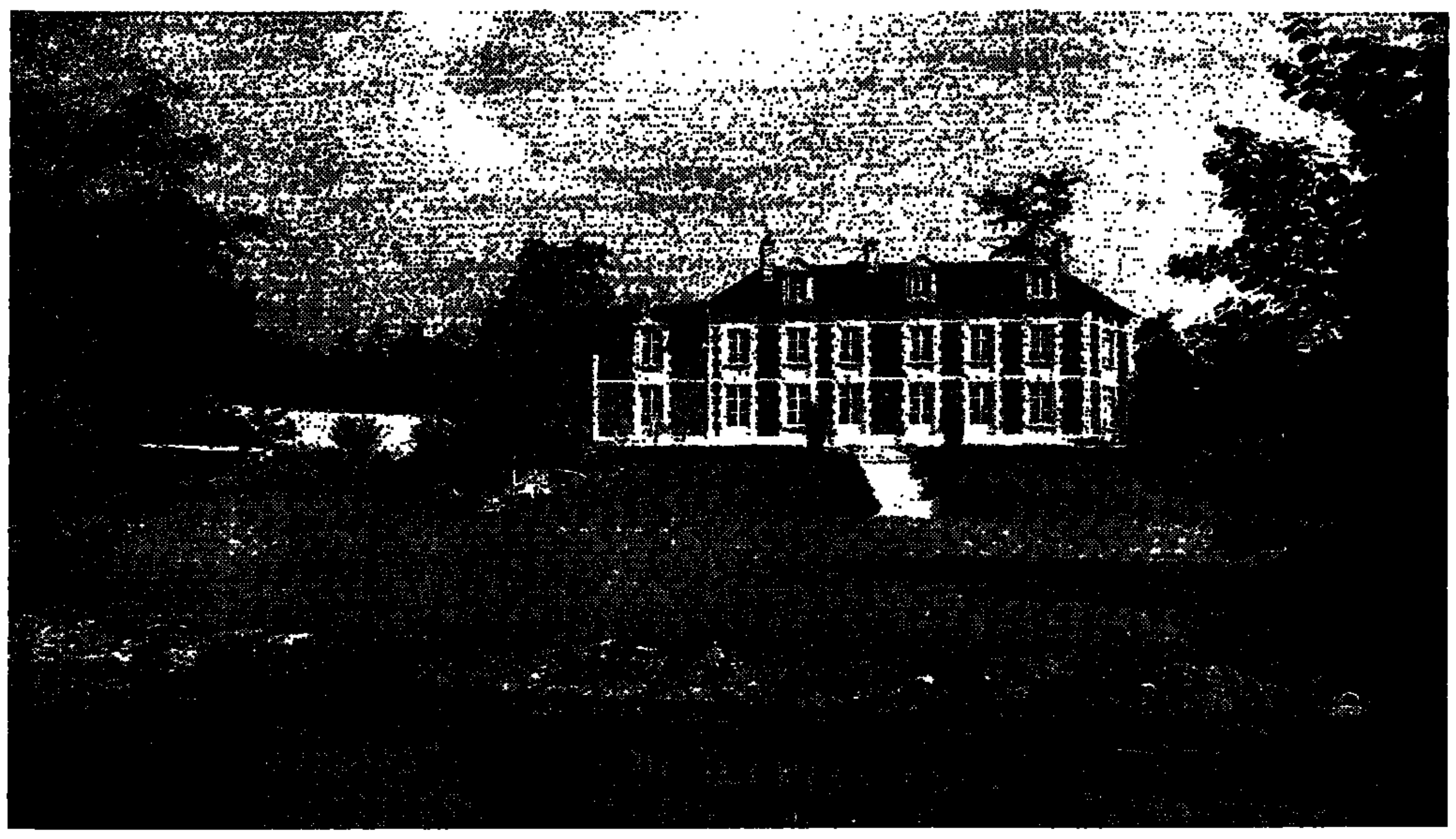
He stresses he is not criticising French agents, some of whom work very hard and drive long distances to show people property. Indeed, he would be offering his service in co-operation with agents and notaries in France. But his agency's approach would be very different.

"By working closely with the seller, we are able to produce a simple but comprehensive brochure with colour photographs, and the essential information always sought – but rarely found – by prospective buyers looking for property in France," he says.

Lazarus stresses that his agency can take on only properties that it considers to be priced sensibly, with a reasonable chance of selling. Such properties would be offered to potential buyers already on the agency's file and would be included in its corporate programme of exhibitions, advertising and public relations activity. An individual marketing programme could be organised if a seller wished.

Domus Abroad (071-431 4692) charges a commission of 5 per cent, or a minimum of £2,300 – but only if a sale results.

Audrey Powell



Chantilly race . . .

SITED conveniently for a business family with racing interests, Chateau de la Chausée (pictured left) is 27 miles from Paris, 12 from Charles de Gaulle airport and little more than a mile from Chantilly, venue of the French Derby and a renowned training centre. The property, which has a British owner, overlooks the river Nonette. Parts date from the 18th century and the main structure was retained when the house was rebuilt by the Masson family in 1860.

Accommodation includes drawing room, dining room and library, master bedroom suite and five other bedrooms. In the five-acre grounds are a staff lodge, two unmodernised cottages, a former chapel, tennis court, stables, garaging and paddocks. The gardens are a particular feature.

London agent Knight Frank & Rutley (071-629 8171) suggests a guide price of £2.2m.

A.P.

Life amid the vineyards

CHATEAU Laborie, at Laborie in the Tarn, is five minutes from Gaillac and 35 minutes from Toulouse international airport. It looks out over a courtyard in which two rows of buildings are being converted into mews-type homes on either side of a rectangle.

The château was the home of the Gaillac region's principal wine grower when it was built in the 1800s. Eventually, the estate was divided into smaller vineyards, while the château and courtyard were bought by a French army captain.

He renovated the château and this, along with the courtyard buildings, were acquired about three years ago by a businessman who formed Trojan Toulouse, the present development company.

All its directors are British and they include Andrew Pugh, a building engineer with a background of restoration work. One of his projects in Surrey has been nominated for a conservation award. His bilingual wife, Michelle, is a former personal assistant to Cartier's managing director in London.

There will be 14 homes in the courtyard, ranging from a one-bedroom apartment to three-bedroom houses. Most are being converted from old buildings such as the wine press, cart shed, hay barn and stables. But five are newly-built and, for these, the French architect has devised first-floor terraces cut into the houses, rather like rooms without a roof.

They are priced from £50,000 to £95,000 and seven have been sold, all to British buyers. The four-bedroom château is also available, at £125,000.

There is to be a boules area in the courtyard between the properties, and a large swimming pool has been built behind the château amid fig, almond, cherry, plum and apple trees. There will also be a tennis court and car parking there. The development, to be finished by March, is surrounded by vineyards.

Further information from Andrew Pugh at Laborie (tel. 63 57 21 62). In the UK, contact Edna Calder (0737-778 829).

A.P.

BOOKS

Thrills from the courtroom

J.D.F. Jones on Scott Turow and a new genre of thriller

IN BRITAIN we have dear old Rumpole and John Mortimer's convivial, best-selling, TV-mounted intrigues at the Old Bailey. From America we have a very different kettle of fish – the eruption of a new genre of lawyer-procedural thrillers.

There have of course been innumerable police-procedurals and private eye-procedurals and spy-procedurals: the thriller seems to need a bedrock of expert and ostensibly realistic detail on which to build its fantasies. But the latest fashion has swept aside all rivals. The best-seller lists on both sides of

PLEADING GUILTY
by Scott Turow
Viking £15.99, 386 pages

the Atlantic have recently been dominated by John Glisham and his master, Scott Turow.

Both Glisham and Turow are, or were, practising American lawyers. They write about what they know about, and they are not particularly interested in *writing*, that is to say in the precise alignment of words so as to achieve a higher end than a memorandum. But they are both convinced that their subject and their expertise – the procedures of the American courtroom and the investigations that precede those court hearings – are dramatically compelling. If their sales figures are anything to judge by, they are right. No doubt they benefit from the American awareness of the drama of the law, established on the small screen from Perry Mason to *L.A.Law*. That is not a British tradition, where cameras are denied entry to the courtroom.

Scott Turow showed the way with his 1987 novel *Presumed Innocent*. This brilliantly-achieved thriller takes off from the extreme detail of the daily workload of a Deputy Prosecuting Attorney in a Mid West city who is investigating the murder of a female colleague; suddenly, the hunter becomes the hunted and finds himself charged with that same murder, a classic reversal which produces a truly suspenseful dénouement and an ingenious final twist.

Turow followed this three years later with *The Burden of Proof* (also available in Penguin paperback) in which he extended the legal thriller into the murkier areas of the financial world. The plot revolved around jiggery-pokery in the Futures markets: although not an entirely successful book, it became an impassioned assault on the nonsenses of this particular world and was a warning that Turow had messages to put across.

Another lawyer, John Grisham, had meanwhile entered the field. He now has four books to his name; the best-known is *The Firm*, currently doing the rounds as a successful film. Glisham is to Turow like a mere Follett to Le Carré: Turow can write well when he wishes, Glisham never tries, though both are good at dialogue (it is startling to observe how rarely Glisham attempts a descriptive passage). *The Firm* has an ambitious young lawyer joining a small Memphis law firm which he discovers to be working for the Mob: his dilemma is one of conscience.

With *The Pelican Brief* Glisham discovered, like Turow, that law naturally interlinks with big business, and in this case with investigative journalism, Watergate-style. Again, the apparently realistic detail is all-important, the novelist's traditional skills are discounted. But it cannot be denied that both these novelists have a superb narrative gift in the old-fashioned sense that you simply have to keep turning the page. Hence their well-deserved success.

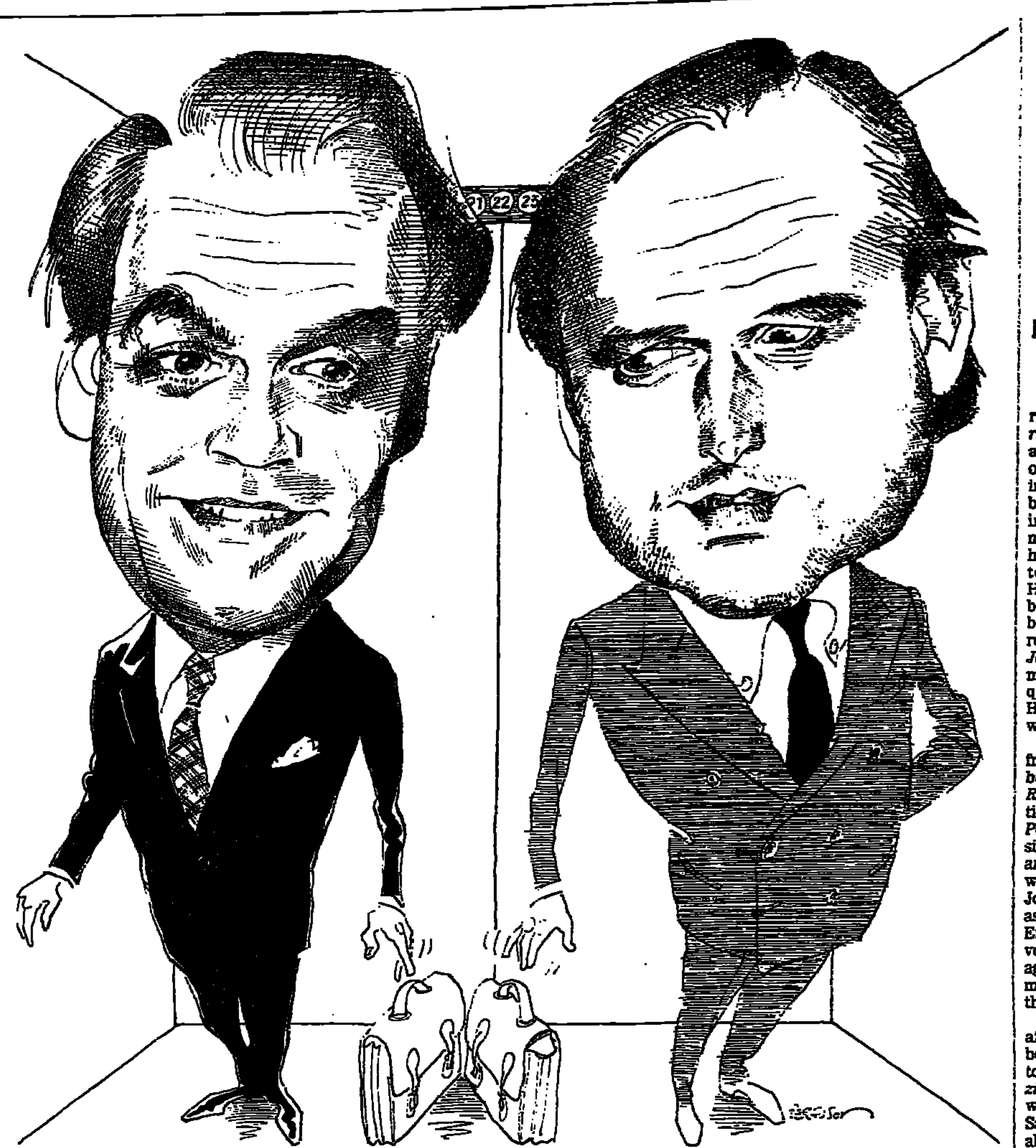
Turow's latest, *Pleading Guilty*, is a good example of his qualities and also of his superiority over Glisham. It is an over-long and complicated story about a middle-aged lawyer's investigation into the corruption that he discovers inside his own respectable firm. A partner is on the run; $5m has been siphoned off to a Yucatan tax shelter; the firm is nervous because it has secretly made a $20m profit out of a big air-crash case; a bookie has been murdered, ball-games have been fixed, the missing partner turns out to be gay; there is a trio of smooth senior partners, a tough girlfriend, a tougher black woman in the Accounts Department, a dangerous cop called Pigeyes, a vivid portrait of the ethnic mix of the American Mid West.

The higher achievement of *Pleading Guilty* lies in its portrait of the protagonist, Mack Malloy (the device of framing the narrative as his dictation is a mistake, but no matter). Here is a memorably credible burnt-out case of an ex-policeman, a fading lawyer pushing 50, an alcoholic still prone to fall off the wagon, a failed husband, a despairing father of a useless teenager ("Children are savages – egocentric little brutes who by the age of three master every form of misconduct, including violence, fraud, and bribery, in order to get what they want. The one who lived in my house never improved").

Malloy is assigned to track down the missing money and his missing colleague. He is a mess of a man who is trying to behave honourably while discovering that he is operating in an utterly immoral environment: what is he to do? Turow, unlike Grisham, is interested in the big issues: "What kind of ethical social system takes as its fundamental precepts the words 'I', 'me' and 'mine'?"

The drama at the end is not whether Mack Malloy will find the money but what he will do with it. Like Grisham, Turow shows us a world of ferocious greed in which the lawyers (surely unlike our own Rumpole!) are obsessed with their take. And Turow has a nightmare of a brave new world run by the multinationals: "your corporate types are soon going to be a stateless superclass, people who live for deals and golf dates and care a lot more about where you got your MBA than the country you were raised in. It's the Middle Ages all over again, these little unaffiliated duchies and fiefdoms, flying their own flags and ready to take on any vassal who will pledge his life to the manor . . ."

Turow is an ambitious writer and deserves to be read. Glisham is a good read. They are a phenomenon.



Savage appeal

Anthony Curtis on the life of the dissolute 18th century poet

THE LAST we heard of Richard Holmes was that he was engaged on a massive life of Coleridge. The first volume – *Coleridge: Early Visions* – appeared a couple of years ago to a bevy of appreciative reviews including the one in this newspaper by the present reviewer. Having got Coleridge poised in mid-career, Holmes seems to have temporarily deserted him to take a little holiday. Holmes's idea of a holiday being to write a book, a shorter book that required much less research – and the result is *Dr Johnson & Mr Savage*. One might be tempted to call it a quickie, but like everything Holmes does, it is carefully written and argued.

The material mainly comes from printed sources, the chief being Dr Johnson's *Life of Richard Savage*. In popular editions of Johnson's *Lives of the Poets*, such as the Worlds Classics, this Life appears as one among many. The bulk of them were written on commission by Johnson when he was famous as prefaces for an edition of the English poets' works in several volumes. But the Life of Savage was written and published more than 30 years earlier than the others, in 1744.

Johnson wrote it the year after Savage died – at the behest of Edward Cave, the editor of the *Gentleman's Magazine*, the journal that printed work by both Johnson and Savage. It was in Cave's office above the medieval arch at St John's Gate in Clerkenwell (still there) that Johnson and Savage probably met. Johnson was then an obscure young man of letters recently married; Savage at 41 an established poet, capable at short notice of turning out ringing panegyrics in rhyming couplets on anything under the sun. A bond of friendship soon formed.

Both were penniless. They were so poor that they would spend the night pacing the streets of London in animated literary discussion until dawn. Savage also had more disreputable friends with whom he would go pub-crawling. On one of his late-night visits to a tavern in the their company, Savage became involved in a brawl in which a man was killed during a sword-fight. Johnson was not present but gives an account of this in the Life.

Savage was subsequently tried at the Old Bailey and convicted of murder. It was only after a vigorous campaign by his friends in high places that a royal pardon was obtained. And it was after his release from prison that Savage's career really took off with poems like "The Bastard" – Savage claimed he was the illegitimate son of the Countess of Macclesfield - and "The Wanderer", enshrining his basic fantasies about himself. Then after a period of glory his life took a turn for the worse again and he died disgraced.

Savage was one of those impossible people who possess enormous, irresistible charm until they become completely stoned when they turn into colossally aggressive bores. He emerges in Holmes's account as a singular instance of the Poet as both Charmer and Sponger, a kind of 18th century Dylan Thomas. And Holmes reveals how thoroughly the young Johnson surrendered to Savage's appeal.

Disappointed at not being made poet laureate by George II, Savage appointed himself what he called "Volunteer Laureat" to Queen Caroline and wrote an annual poem in her honour – a splendid example of Savage's *chutzpah*, in reward for which the Queen, who had a weakness for poets and flattery, granted him an annual sum. But on her death this was discontinued, and Savage was on his uppers again. A group of well-wishers and poets led by Pope, generous in his private dealings, banded together to make up the deficit on condition Savage left London for good and took up residence in rural Wales where – they vainly hoped – he would keep out of mischief.

Exhibit B in Holmes's exhumation of the relations between Johnson and Savage is Johnson's "London: A Poem" (printed by Cave in 1738, the poem with which Johnson first began to make a name for himself among the literati). In it the poet laments the departure of a friend – one Thales – from London to Wales: "Tho' Grief and Fond-

DR JOHNSON AND MR SAVAGE
by Richard Holmes
Hodder & Stoughton £19.99, 260 pages

ness in my Breast rebel/ When injur'd Thales bids the Town farewell . . ."

Much scholarly ink has been expended on the question of whether the hero of the poem may be interpreted as being Savage. Holmes thinks he is and he sees the poem as the forerunner of the *Life of Savage*. But in his *Life of Johnson*, Boswell denied that Savage was Thales. The Boswellians point to the poem's Latin original – the Third Satire of Juvenal. The original contains a figure called Umbricius who leaves Rome in disgust at its mores to reside in the country and Thales, they say, is merely a fictitious equivalent.

Holmes sees this as an attempt by the Boswellians to cover up Johnson's early friendship with the scapegrace bard. Johnson had studiously not revealed that he was the indigent nocturnal friend in his Life of Savage. It was a youthful episode now best forgotten, incompatible with Johnson as the stern moralist, the judgmental father-figure. John Wain endorses the lasting influence of Savage on the young Johnson, in his biography of Johnson, but says he "cannot see that 'London' would have been any different if Johnson had never met Savage".

Holmes does us a double-service – firstly by reviving interest in the raffish yet attractive figure of Savage who died in 1743 in Bristol's Newgate jail; and secondly in positing a rather different, a more radical and bohemian Dr Johnson, to complement the traditional figure of the Great Tory Cham. But in his final claim that Johnson's Life of Savage also makes him the founding father of the modern literary biographer, Holmes presses his case a little too far.

Unlike those contemporary biographers who are able to set aside years of their lives to complete their tasks, accumulating overwhelming detail, Johnson was a literary journalist working severly against the clock. He relied heavily on the 18th century tradition of anecdotes and is on record as saying: "I wrote forty-eight of the printed octavo pages of the Life of Savage at a sitting; but then I sat up all night". With respect – the correct lineage is not Johnson, Holroyd, Holmes, *Glendinning*; but Johnson, Sainte-Beuve, Strachey, Nicolson, Connolly.

How we lost the peace

Zara Steiner discusses why Chamberlain was wrong

THIS VIGOROUS and vividly written attack on Neville Chamberlain's appeasement policies by an Oxford don is sure to set the cat among the pigeons. Ignoring the historical battleground littered with so many corpses, R.A.C. Parker goes back to the manuscript sources to raise and answer fundamental questions.

Against the currently benign interpretations of appeasement, Parker argues that other choices could have been made that might have deterred or stopped Hitler before war broke out. From the opening chapter, with its entertaining and shrewd pen portrait of Chamberlain to the telling indictment of his post-Munich policies, this book centres on a figure who by virtue of ability, hard work and determination must be seen as one of the strongest prime ministers in our century. Chamberlain's self-confidence, like his prestige, was of Thatcher-like proportions. His cabinet colleagues waited on his judgments. "When I am silent," he reported, "everyone else is also." Thanks to over 1,200 weekly letters to his two sisters, Parker is able to round out an assessment of Chamberlains's motives and actions based on a wide reading in the official records and private papers of the period.

Chamberlains's motives were of the highest. He passionately hoped to avoid war and the policies he advocated were dedicated to this end. He thought Hitler could be persuaded by finding solutions to his grievances to limit his aims, renounce aggression and abandon German rearmament. Chamberlain was convinced that Hitler, or at least the German people, would see that Britain and Germany could co-exist peacefully as prosperous and great nations. Appeasement was not a policy of "peace at any price". Whatever his faith in concession and conciliation, Chamberlain did not skimp on the measures thought necessary for the defence of Britain. Nor was he willing to yield to Hitler a position in Europe that would threaten British independence or security.

Parker accepts that appeasement was a perfectly rational and reasonable policy that until Godesberg commanded general support. His real indictment of the prime minister begins with Munich when he insists Chamberlain became the victim of his own self-confidence and obstinacy. In the months that followed, the prime minister remained convinced that his policies were actually succeeding. Persuasion continued to have priority over coercion despite mounting pressure for an anti-Hitler coalition. The prime minister remained cool towards the idea of a close Anglo-French alliance in 1938. He opposed and then delayed negotiations with the Soviet Union which he regarded as unnecessary and dangerous. He would not consider restructurings of the cabinet that would have signalled the government's determination to stand up to Hitler. In the summer of 1939, he resorted to private and unofficial channels to keep open possibilities for peace which he knew ran against the popular current.

CHAMBERLAIN AND APPEASEMENT: BRITISH POLICY AND THE COMING OF THE SECOND WORLD WAR
by R.A.C. Parker
Macmillans £35, 388 pages

Parker does not ignore the pre-Chamberlainite roots of appeasement. The treatment of such complex questions as reparations and disarmament is concise and to the point. The diplomatic crises of the early 1930s are analysed in sufficient depth to make intelligible the claim that appeasement was a sensible, moral and even courageous policy. Nor are the many constraints within which Chamberlain and his ministers had to operate left unexplored. *Parker is particularly* good on the financial and industrial background to re-armament and gives full weight to the political calculations that were such an important factor in the prime minister's pursuit of peace. But he sharply contests the revisionist view that foreign policy was determined by a realistic assessment of economic and military weakness and by public opinion. It was foreign policy that dictated the scale of rearmament and not the other way round. If Chamberlain had so wished, moreover, he could have rallied opinion behind and anti-German front in 1938. He chose not to do so. The option he preferred and privately pursued lost all official and popular backing during 1939.

Again against prevailing historical winds, Parker argues that there was an acceptable alternative to appeasement. Chamberlain might have gone for armaments and allies, "the language of the mailed fist". There existed in 1938-39 a divided but far from negligible opposition to his policies. Chamberlain took that opposition seriously enough to keep both Eden and Churchill out of the cabinet. The latter was not easily ignored. He was already a massive public figure identified with opposition to Hitler and the advocacy of the "grand alliance." Chamberlain could not take him into the cabinet if there was to be any hope of reviving the "Munich spirit". As it was, after March 1939 even this powerful prime minister had to adopt publicly at least much of the opposition's programme. It was too little and too late.

Chamberlain's view of Hitler and expectations of the German people's resistance to war was fatally flawed. His policies, and Parker provides abundant evidence, were wildly over-ambitious and ultimately disastrous. He never had the influence over Hitler he claimed. It was well beyond Britain's capacity, in my view, to establish an acceptable balance of power in Europe by itself. I am more sceptical than Parker that given Hitler's goals and pathologies, any alternative to war was possible. Even had Stalin been convinced to join the Anglo-French pact, would this have done more than postponed a European war that Hitler's policies made inevitable? This is not to argue that Chamberlain's policies were right but to suggest that no other course of action could have prevented the catastrophe.

You will want to read this book. It is intelligently provocative. Parker writes with clarity, concision, and conviction. The scholarly apparatus is impressive without being overwhelming. It forces one to look again at Neville Chamberlains's premiership and to reconsider the real issues involved in the ongoing debate about appeasement, a controversy that has neither lost its historical importance nor its contemporary relevance.

Fiction/**Antony Thorncroft**

Miraculous yes, but hardly credible

WE LIVE in a credulous age, seeking miracles, so it is little wonder when serious, sensible, novelists look to the supernatural, the magical, the otherworldly for their plots. In Margaret Atwood's *The Robber Bride* it is the return from the dead of a she-devil to haunt the lives of three middle aged women. In Paul Theroux's *Millroy the Magician*, conjuror develops into a miracle-working Messiah. And in Bernice Rubens' *Autobiopsy* (Sinclair Stevenson), a blocked writer literally squeezes inspiration for a novel from the refrigerated brain of his former mentor. What happened to social realism?

Atwood takes us among women. Tony, a (female) medievalist specialising in warfare; Roz, a successful venture capitalist; and Charis, an unrepentant hippie, are drawn together by their hatred of Zenia, the Toronto college chum who successively seduced and destroyed their men. Zenia's death in Lebanon is cause for much relief, celebrated at a monthly lunch. Their re-patched lives are threatened when Zenia walks into the restaurant.

This is Daphne du Maurier territory, lightly dusted with feminism. The men are insubstantial background figures, but Atwood is astonishingly skilled in developing intriguingly quirky characters and detailed backgrounds for her heroines. Three times Zenia exploits men and wrecks their women; and three times we follow with dread. This is escapist stuff, meat and drink for an American TV mini drama, with enough tension, enough silliness, and enough sympathy in the perhaps too carefully contrasted trio to appeal to the broadest audience.

It is Atwood stripped of intellectual pretension, but writing fluidly and at ease. Zenia is a credible monster, a wheedling liar who sent shivers down my spine and yet is surprisingly accepted into the Sisterhood at the end. Atwood could have made more of the mystery. Instead she settles for an adventure, a surprising *jeu d'esprit* from Canada's most uncompromising novelist, and an unreservedly recommended read for an escapist winter break.

Theroux is much more ambitious – well, pretentious really – in *Millroy the Magician*. It begins with promise as 14-year-old waif Jilly is spirited

THE ROBBER BRIDE
by Margaret Atwood
Bloomsbury £15.99, 470 pages

MILLROY THE MAGICIAN
by Paul Theroux
Hamish Hamilton £15.99, 440 pages

AUTOBIOPSY
by Bernice Rubens
Sinclair-Stevenson £14.99, 231 pages

away by Millroy, the magic man at a New England travelling circus. He gives her security; chaste friendship; and an initiation into his tricks. You settle back for a picaresque tale of life on the American road: J.B. Priestley meets Jack Kerouac.

But not all Millroy's stunts are tricks. He can work miracles and he certainly manages to carry Theroux off into a farrago of symbolism. Jilly, disguised as a boy, introduces Millroy to the power of television, and after easy success as a magic-making uncle on breakfast TV he exploits the medium to establish himself as a modern Messiah, aiming to convert not the souls, but the bodies of the American public. If they would only eat the food mentioned in the Bible and pay strict attention to their bowels they would achieve moral perfection and live to be 200. Theroux is spot on in homing in on the most likely medium as well as the most persuasive message to convert health obsessed Americans.

But as Millroy recruits his outcast disciples to run a chain of Day One high fibre food outlets and faces the inevitable official hostility and eventual treachery from his followers, the parallels with Jesus become facile. You wait in dread for the Last Supper – and here it comes, Millroy chopping off his finger, with an appropriate benediction, before sharing it around his little band as they flee across the country in a trailer. The ending manages to be both mystical and trite, not a bad description of a book which seems to have escaped from the control of its author.

Both Atwood and Theroux write with gusto and conviction. In *Autobiopsy* Bernice Rubens seems to have been over-whelmed with an idea and forced it unconvincingly into a novel. Martin Peabody is as pathetic as his name but hopes that draining off the genius of dead novelist Walter Berry will stimulate a new creativity. Instead it leads to a convoluted but predictable plot in which Peabody builds up a biography for Berry from the few random comments of his decaying brain. At the same time Peabody grapples with his own rather tedious family life and that of Berry's widow and step daughter. Parallel lines run into each other, to general confusion, but it is hard to raise the enthusiasm to work out which theme is being pursued at any particular time. It is also dangerous to have a poor novelist as your storyteller.

ARTS

The British lead a merry dance

Sophie Constanti witnesses some bad behaviour and great performances at the FIND in Montreal

THE BRITISH are famous for behaving badly when abroad. Consider the mob of neo-Nazi football hooligans running riot this week in Amsterdam. Montreal is not on the average British trouble-maker's list of Top 10 destinations: too cold, too cultural, reluctantly bilingual and much too far from home. But at the city's recent Festival International de Nouvelle Danse (FIND), some of the invited British guests – dancers, choreographers, producers, promoters – appeared hell-bent on being ill-mannered, unreliable, churlish and, on occasion, thoroughly disagreeable. After a week of British impropriety and contentiousness during a festival which lasts just 11 days, people began to ask: "What's wrong with the British? Why are they so rude?"

This year, FIND – initiated as a biannual event in 1985 but, since 1991, presented every autumn – decided to turn the spotlight on British choreographers. The programming committee, led by president Chantal Pontbriand, secured an impressive, state-of-the-art quartet – Michael Clark, DV8 Physical Theatre, Shobana Jeyasingh and Jonathan Burrows – and announced the sixth Festival as "an explosion of British dance."

The first instance of this back-firing occurred on the opening night of the festival when Michael Clark brought the curtain down on his own show, *Michael Clark's Modern Masterpiece*, soon after the interval. An act of both self-destruction and self-empowerment, it left Clark's audience baffled, then quietly angered. But Montreal's dancegoers are an optimistic, tolerant lot, and a small crowd turned up the morning after for Clark's meet-the-choreographer session.

Clark then used the public platform as an opportunity to give an informative and entertaining (if disjointed) lecture-demonstration. He talked about his Royal Ballet School days and his first choreographic works, such as *Do You Me? I Did*, and *New Puritans*; and he articulated the principles behind the "pelvic technique" which he has developed and which now underpins his whole philosophy of dance classicism. Out came the costume box, Clark casually strapping on a dildo underneath his small apron and explaining the significance of this attire whilst standing in arabesque.

It was a great performance and by the time he had finished all was forgiven. But how did Pontbriand react to Clark pulling the plug on his own show? With calm dignity, accepting without judgment his decision to stop the performance because "it felt like the right thing to do at the time."

The following evening, DV8 Physical Theatre premiered its latest work, *MSM*, a 90-minute play about cottaging, *i.e.* sex between men in public toilets, and about the married, apparently heterosexual men who, according to statistical evidence, are more inclined than gay men to go cottaging. Lloyd Newson, DV8's founder and artistic director, had told the festival organisers that *MSM* (socialogical shorthand for Men Seeking Men) was going to be a text-based rather than movement-informed theatre piece. Pontbriand, quite rightly, remained willing to present *MSM*, whatever its eventual shape or form.

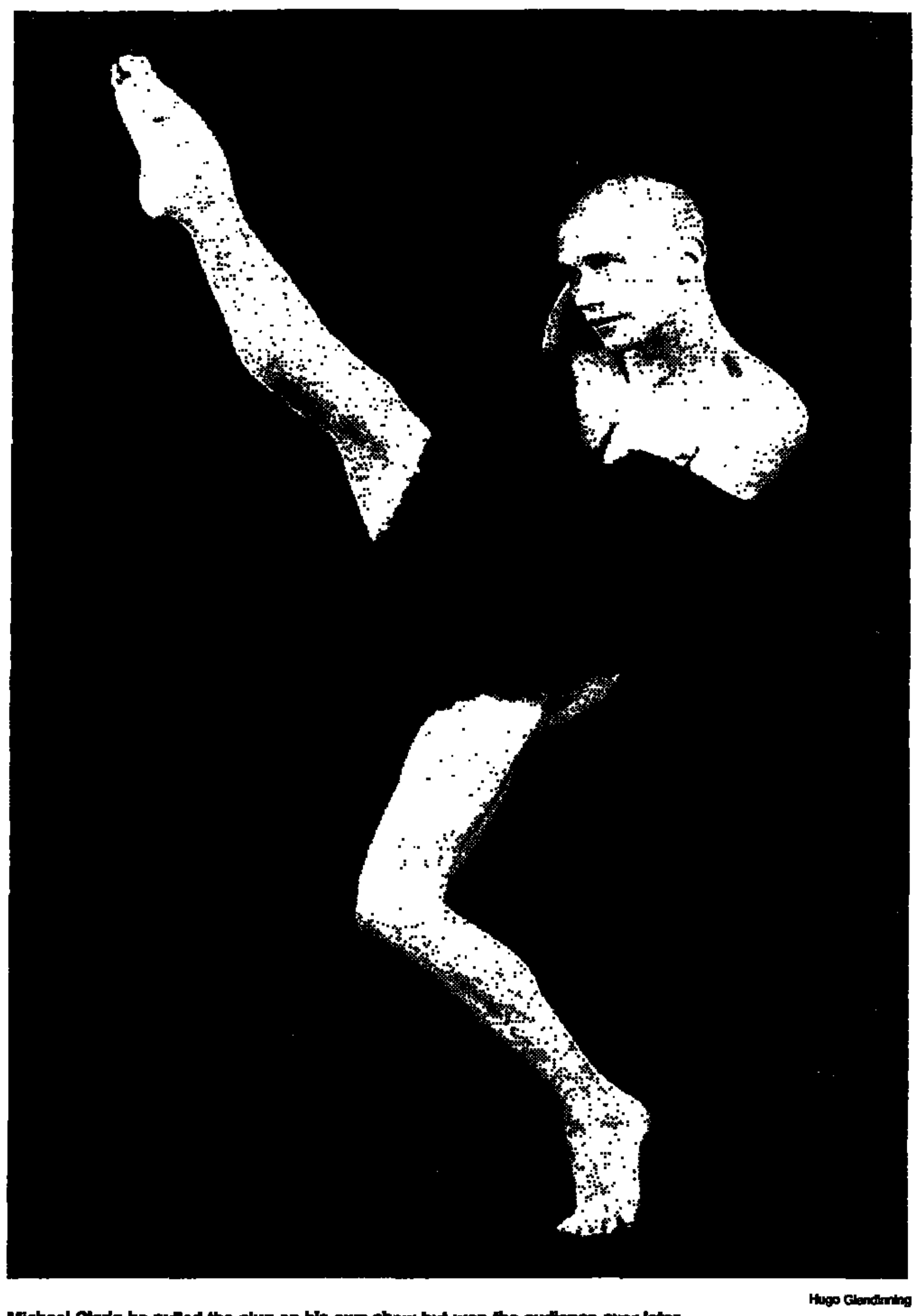
Audiences who had heard so much about Newson's more overtly-physical works, such as *Dead Dreams of Monochrome Men* and *If Only...*, were divided after the show. Some felt let down by the fact that *MSM* was a play, others were further divided as to whether it was good or bad theatre. Having acknowledged Newson's right to choose his medium, many found the perfect complement to *MSM* a few blocks down the road at Cinéma ONF, where film adaptation of DV8's *Strange Fish* (another FIND coup) was being screened.

One thing that did seem to bother people was both DV8 and Clark's refusal to take curtain-calls. At home, this convention has taken root without anyone paying much attention. But in Montreal it deeply offended some members of the public. One can respect Clark and Newson's decision to keep their performers in the wings once the show is over – Clark admits that he has never felt comfortable with the sound of applause. One must also, in trying to make some sense of Clark's first-night party tricks, take note of the fact that the choreographer was not really satisfied with the show he brought to Montreal, having had to re-stage *Modern Masterpiece* in just a few weeks with an almost entirely new cast.

But I am still searching for the logic behind John Ashford's vituperative outbursts at a round-table discussion entitled "The British New Dance: Development and Perspectives". Ashford, director of The Place Theatre, London's most dance-dedicated venue, gave a speech tinged with loathing for almost everyone and everything outside his own Eurodance network. It was an odd mixture of paranoid specifics and sweeping generalisations which amused some of the Canadian dance students in the audience, but served only to alienate many of his British colleagues who were present. His comment that "ballet is at the heart of all dance critics' interest" (he later changed 'all' to 'most') was delivered as if it were an indisputable truth, its offensiveness exacerbated by a barrage of unprovoked verbal attacks mainly directed towards one member of the panel.

Ashford, who later flew back to London to collect the £30,000 Digital Premier Award, has done much to promote new and independent dance in Britain and has forged important connections with the rest of Europe. In his *April in Paris* and *Turning World* seasons, contemporary dance from across the globe has been brought to our doorstep. But in his rude and public dismissal of the views of other dance professionals, Ashford does neither himself nor British dance any favours. He is a thorn in his own flesh. Ashford, however, claims that there is a conspiracy to undermine contemporary dance in Britain which threatens the proposed increase in Arts Council funding towards contemporary dance. His main complaint is that even those people supposedly sympathetic to contemporary dance have done nothing to retaliate against the likes of government ministers and the ballet establishment. Indeed, Ashford has a case, but his attitude is hardly conducive to building a united front.

Maybe the FIND got what it deserved. In 1989, when British dance was less faction-ridden and more visionary, the festival refused to take a serious interest, turning instead to the rest of Europe. Until this year, Pontbriand had showcased only two British companies – Second Stride and Laurie Booth. These days, many British choreographers, even established artists like Clark and Newson, are more worried about their financial security and artistic development than they were in pre-recession times. Intent upon looking after Number One, their survival tactics are neither based upon nor seem to allow room for good manners. British dance seems to have become an incurably arrogant, desperate, badly-behaved animal – especially when it is abroad.



Hugo Glendinning

Michael Clark: he pulled the plug on his own show but won the audience over later

Music in London

Applause for a modern work

SERIOUS new works are rarely greeted with such delight as the Festival hall audience accorded this week to a new violin concerto by the British composer, Nicholas Maw.

The work was premiered last month in America (where Maw more or less resides now) and heard in Britain on Thursday. It seems that he has had such a concerto vaguely in mind for many years, but was inspired to get on with it only when the young American violinist Joshua Bell (much praised in these pages since we first heard him) came upon the scene. That was a good idea. The result was a lovely piece, and the audience loved it.

There are composers who break radical new ground, like (say) Harrison Birtwistle, whilst others, like Maw, are content to sow new seeds in familiar landscapes. The landscape where Maw has always found himself at home is English and specifically English-lyrical, intimate rather than epic (despite the scale of his recent orchestral *Odyssey*), a place for a humane personality to flourish. Barely younger than Birtwistle, he matured in the same late-1950s musical ferment, but radical novelties are never what mark his music.

Instead it *sings*, on and on and *on*: Maw is notorious for underestimating the time his latest piece will take to play. Tunes spring up everywhere, sometimes reassuringly tonal and sometimes not. But not at random; most of them will be close cousins to many of the others, stretching out new leaves and altered contours in a cogent (though unforeseeable) order. Therein lies the developing sense of the music. Maw is now so much a master of that songful vein that it hardly matters which overall form he elects.

The shape of the Violin Concerto is traditional as could be: a gently expository Prelude (composed last) is followed by a virtuoso Scherzo (composed first) and a confessionally intense Romanza, and then a seemingly lightweight Rondo with a racing coda. The forms, however, are mere frames for the expressive life of Maw's music, which pursues its way in a much closer focus than that, moment by singing moment. Though the solo role is generous, it requires a violinist of exactly Bell's gifts: brilliantly equipped but not distractingly showy, able to mask his art under a guise of innocent straight-speaking.

The Philharmonia and their conductor Leonard Slatkin collaborated in perfect sympathy (no less than his alter-ego soloist, Maw's orchestra speaks *poignantly*). This work should reward repeated hearings in the friendliest way; we may hope that an international star like Bell can get it onto a CD soon.

Slatkin also conducted a sensational *Rite of Spring*, so taut that it squeaked. He had his own devices for pointing up Stravinsky's score – here an unwritten breath-pause, there a grinding *portamento*: always well-taken in principle, but in practice too self-conscious for a score which can speak thunderously for itself.

David Murray

Sponsored by Automotive & Financial Group; Nicholas Maw's Concerto will be performed again tonight in Swansea's Brangwyn Hall

New organ put through its paces

THE NEWLY-opened organ in St John's, Smith Square is the first concert organ to be built in London for four decades – the last was the Royal Festival Hall monster – and on Thursday evening several notable organists swelled the audience to hear Gillian Weir put it through its paces.

Her recital provided the first real test of the instrument's versatility. In last week's gala inauguration concert the organ had featured only as part of the celebration; and Simon Preston's recital the day after was an all-Bach affair. By contrast, Weir's pot-pourri programme covered the spectrum from Bach and his slightly senior contemporaries to Messiaen and some younger 20th-century composers.

There is no doubting the instrument's capabilities: in all areas of the repertory it sounded eloquent, and the Bonn organ building firm of Klais has matched it perfectly to the scale of the building. It is bright but not strident in Baroque music; the action is alive to the demands of modern works, and the stops are colourful. The fiery reeds are not too rough for the Romantic repertory, but here the tracker action produces an intrusive "chiff" in quieter passages and at times the pedal department seemed underpowered.

The evening got off to a worrying start, with a dull Bruhns E minor Prelude and Fugue. None of the threads of its rather disjointed structure was tied together, and Miss Weir never allowed the music to take flight. Her account of the Bach Passacaglia was unworthy – the playing messy, even frantic, the registration unrelenting. For once there was no poetry or majesty in this towering masterpiece.

But she more than redeemed herself with a dazzling account of the Belgian Joseph Jongen's rhapsodic *Sonata Eroica*, making light of its virtuoso demands. Most of the second half was devoted to post-1945 pieces, and all were dispatched with ease and sensitivity. The organ responded equally well to her incisively played set of Calvin Hampton dances and to the ethereal bird-calls of Messiaen's "Les Oiseaux et les sources" (from the *Messe de la pentecôte*). A highlight was the exhilarating *Salamanca* by Guy Bovet, exotically coloured.

Saint-Saëns's "Echo" Fantaisie, a rousing finale, gave the audience another chance to admire Miss Weir's dexterity at the console – St John's have even installed an innovative projection screen which allowed us to witness it in close-up. Indeed, the whole project blends state-of-the-art modern technology with the best of the old.

John Allison

Further recitals in the "Notes Tremendous" series: Daniel Corzempa (October 28,29), Jon Laukvik (November 4,5), Alexander Fiseisky (November 23, 24)

Poet's brutal tyrant

Malcolm Rutherford reviews Marlowe's 'Tamburlaine'

THERE IS a paradox in Christopher Marlowe's *Tamburlaine the Great* which is very hard to overcome on stage. How can the central character speak such beautiful verse, yet be such a total tyrant?

When the RSC's current production was first performed at Stratford last year, Terry Hands as director seemed to play down the verse and emphasise the violence. The production was on the small stage of the Swan Theatre. Now that it has reached the huge stage of the Barbican, which is where it belongs, some of the problems have been resolved.

Antony Sher's Tamburlaine is as brutal as ever. Far from resembling the Scythian shepherd of his origins, this Tamburlaine deliberately looks like a wolf. In one scene he enters swinging on a rope just like Tarzan, kicking down his enemies on the way. The Barbican has a space to let this be done has a space to let this be done as it has for all the other scenes of carnage. If you want to mount an epic, do it on the grand scale.

The verse is still an obstacle, but I now see that there is a strong case for the way Sher stammers or lisps slightly over some of the more exotic names, like Zenocrate, Persopolis or Samarcanda. The tyrant is still in awe of his conquests. Samarcanda, his native city, he never reaches.

Antony Sher as Tamburlaine in Terry Hands' production at the Barbican

Where the production becomes human rather than swashbuckling is in Part 2, which is not always performed. Marlowe having written it later in response, it is said, to popular demand. Tamburlaine is older now, almost at peace, with three grown up sons, but Zenocrate is ailing. For a while he seems more like part of a bourgeois family than the scourge of Asia. When Zenocrate dies, the ransacking resumes with even greater fury, but there is still humanity in the shape of the one son who does not want to fight.

Taken all in all, over the two parts, Sher's performance is *magnificent*. So are some breathtaking stage effects designed by Johan Engels. If there is still one quibble, it is that Zenocrate should be more conventionally beautiful, yet there is no greater pleasure in the London theatre than when the Barbican is playing deservedly to capacity. Here, it is.

*

All's Well that Ends Well is Shakespeare's most mixed up play, and one of the least performed. Yet no one could ever dispute the authorship. Almost every scene contains a reference to what he had written before or what he would write in future, including the Sonnets. There is a throwback to *Romeo and Juliet*, for example, and more than a hint of Falstaff in Parolles, the French nobleman turned coward.

It is as if Shakespeare was at a turning point, uncertain whether to write tragedy or comedy, and not quite mature enough for the dignity of his final plays such as *The Tempest* and *The Winter's Tale*.

The piece is worth seeing for its rarity value alone. Sir Peter Hall's RSC production, which has moved to the Pit from Stratford, seems to me a trifle on the heavy side. He plays up the darker elements. Still there is a very fine countess from Barbara Jefford, and a haunting Parolles from Michael Siberry. As the text dictates, Richard Johnson's King of France gets off to a shaky start. Then he develops into the thoroughly experienced Shakespearean actor we know him to be and almost holds the play together.

More Brits abroad

FLAMENCO MUSIC plays as you enter the Arts theatre, and *Viva España!* is the title. But, as the subtitle (*The Ibiza Musical*) hints, this musical is not about Spain or Spaniards or Spanish culture – it's about Brits (18-30) on holiday abroad, in this case in Spain. Funny: I came to the performance after an arts committee meeting where one bigwig had said "You must always begin by understanding that the British are (a) philistine and (b) xenophobic. Without mastering these two facts, we can make no progress." *Viva España!*, written and directed by John Burrows and Rick Lloyd, agrees with that all right.

Who cares about the Spaniards anyway? We're here for sex, sun, booze, and – er – that's all. One character, already well plastered, actually yells at a local: "I fought Mrs Fatcher told you lot. If you're joinin' the Common market, you've got to muck in. You're just poncin' about bein' *Spanish*." One man, deciding for a change to make it with someone outside his group, dances with a local, only to discover rather late that his partner is a transvestite: "a spic poof!" Thank God for Wendy and Abby and Angie and Babs and Sarah – you know where you are with them.

What makes all this acrid satire palatable is that *Viva España!* is a pop musical with high spirits, generously sung and sharply delivered by the cast of eight. While the words show you how callow and unreflective each of these characters is, the music – in a variety of post-Presley pop styles – catches their energy and freshness. Certain ensembles really capture the tribal, atavistic, drive that young Brits show in large groups; and some solos show the plaintive feelings of individuals at odds with the crowd.

In short, the show gets under the skins of its characters while also standing outside them: a rarer and finer achievement in musicals these days than you might suppose. Admittedly, *Viva España!* is not an important show. Its tunes have no particular originality, some of its lyrics are repeated too often, some of its satire could go deeper. But I like its spirit: bright-eyed but double-edged.

Alastair Macaulay

Fiac, twenty years on

Nicholas Powell finds optimistic sellers but low prices for contemporary art in Paris

AGAINST THE background of unprecedented economic gloom, Paris's contemporary art fair, the Fiac, is celebrating its 20th anniversary in the Grand Palais. One hundred and fifty dealers, 10 fewer than last year, are taking part in the week-long fair which ends tomorrow night, and many big international galleries have stayed away. Sales at the Fiac tumbled from FFr400m in 1989 to only FFr100m last year. One stalIholder, the Banque de la Cite, which holds the accounts of 530 Paris galleries, says it is owed FFr300m in outstanding loans and that two-thirds of its gallery clients are in financial difficulties.

Regularly inaugurated nowadays by government ministers, the Fiac began quietly in 1974 when only 9,000 people attended. The following year's event was marked by a "happening" staged by Austrian artist Hermann Nitsch involving a cow's carcase and lots of blood.

With such bohemian capers well behind them, organisers asked galleries this year to stage shows illustrating major art movements of the past two decades. Eighty have put on exhibitions of one or two artists, often of a museum-like quality, although few have respected the 1974-1993 period. Prices meanwhile are the lowest most people can remember.

Galerie Jan Krugier from Geneva is showing drawings by Picasso from the early 1920s, during his so-called "Ingres" period alongside drawings by Ingres himself – a fascinating juxtaposition of high quality works. The Florence gallery, the Vivita, has some very fine pieces by Picabia and Galerie Gmurzynska from Cologne is showing costume designs, oil paintings, photographic portraits and sculptures by Soviet "suprematists" Alexander Rodchenko and Varvara Stepanova, all but one of which featured on the Soviet stand in the Universal Exhibition in Paris in 1925. Annely Juda Fine Art, one of five British dealers at the Fiac, is showing works by the same artists as well as by their suprematist colleagues, Malevich and Lissitsky.

Just a little more modern, Galerie Boulakia of Paris has a show of surrealist works by Ernst, Matta and Lam while Parisian Marwan Hoss has devoted his stand to paintings – stark urban scenes with stylised figures and oppressive architecture – and sculptures of the past 10 years by the Argentinian Antonio Segui priced at FFr45,000 to FFr250,000. "They say we are brave to put on one-man shows. But people enjoy them, and buy," Hoss said.

Others are doing good business. Galerie de France of Paris showing five whimsical mechanical sculptures by German artist Rebecca Horn priced at FFr200,000-FFr300,000 and made especially for the Fiac, rapidly sold three to museums and a private collector.

London's Crane Kalman Gallery, over for its second successive Fiac with a display of classical British modern art including works by Graham Sutherland, William Scott, Mary Newcomb, Jenny Franklin and Ray Richardson, made a number of sales and received a range of offers from collectors.

There may be no "happening" or cow's carcase in this year's Fiac. But to keep silliness alive, Canadian gallery Olga Korper is selling reproductions of the Mona Lisa's mouth. Video artist Suzanne Giroux claims Leonardo da Vinci painted the lips to resemble the back and buttocks of a young man if held vertically. Each reproduction costs FFr100,000 and there are only eight for sale.

FINANCIAL TIMES WEEKEND OCTOBER 16/OCTOBER 17 1993

And the cornfields still roll: 'Farm near Auvers': one of the views Vincent painted from the cemetery looking over the roofs of the cottages tucked into the hill

A pilgrimage to Van Gogh

***William Packer** visits the little café in Auvers-sur-Oise where the artist died*

AUVERS-SUR-OISE is a village some 12 miles north-west of Paris strung out along the road from Pontoise to the west, with the hills behind it and the river before. The traffic apart, it still retains much of the character that attracted such painters as Cézanne, Bernard, Pissarro and Daubigny, more than 100 years ago. There, for two months in the summer of 1890, came Vincent van Gogh: and there, towards the end of July, in the cornfields above the village, close by the cemetery, he shot himself.

He had been staying at the Auberge Ravoux, a small café in the centre of the village that let rooms to artists for a pittance. It was to there that he was brought back from the fields, and there, after lying for two days in his tiny room, that he died.

In 1985 the house was listed as an historic monument, since when its present owner, a Belgian, Dominique-Charles Janssens, has set himself to its restoration. It opened to the public in mid-September, its ground-floor still a working restaurant, its upper floors converted to its purposes as, in its way, a place of pilgrimage.

Van Gogh's own room, on the top floor at the corner of the back stairs, is of course the focus of all interest. It is no more than a cell, truly tiny with its only window high in the ceiling. It has been left entirely bare, stripped down to the grey plaster marked only by the holes of nails long ago knocked in to hold up pictures – the sense of the reliquary to the credulously devout not altogether inappropriate. It is infinitely touching, the judgment not to turn the place into a sort of tableau entirely right. The room next door, which had been taken at the time by another painter, a young Dutchman, Anton Hirschig, who nursed Van Gogh through those last days, is furnished simply with chair and narrow bed to give a scale.

The visit ends with a slide-anthology of Van Gogh's Auvers paintings, pointed with quotations from his letters to his brother, Theo. It is very well done, but be warned – so small is the place that visitors are let in only four or five at a time, and the show follows only when a score or so are assembled, which does tend to hold up the queue waiting outside. It is a system that needs radical rethinking.

But no visit to Auvers should be to the Auberge Ravoux alone. Entrance is from the lane behind the house that leads on, by way of the wooden steps, familiar from the painting – Vincent produced some 70 paintings during those last two months – through the upper village to the great church of Our Lady at the top. That is the subject of one of the most celebrated of all his works, the monumental pile rearing up red and ochre against the deep ultramarine of the sky. At the very point at which he worked the Commune has put up a reproduction of the work itself, discreetly mounted, just as it has at several such points about the place.

But the final object of pilgrimage must be Van Gogh's grave, which we reach by following "la route de la cortège," on past the church and up the hill. There on the open plain at the top is the cemetery, from the corner of which we look back down and across the fields, just as Van Gogh did himself, to the roofs of the cottages tucked in a fold in the hill.

Vincent lies hard against the far wall, with his brother beside him, who died but six months later. Their graves could hardly be simpler, two low and simple headstones, *Ici reste Vincent Van Gogh, Ici reste Theo Van Gogh*. And over them both, as over a double-bed, is thrown what can only be described as a dense duvet of ivy, neatly trimmed as though tucked in, grown from a cutting taken long ago by Theo's widow from the garden of Vincent's friend in the village, Doctor Gachet. She had brought her husband's body to France in 1914, to lie beside that of his brother: and ivy is the symbol of brotherly love.

Over the wall, the cornfields roll away and the crows hang in the wind, just as they did a century ago.

Maison de Van Gogh, Auberge Ravoux: open daily 10-6, entrance FFr25. By train from Paris Nord or St Lazaire, change at Pontoise for Auvers-sur-Oise

'Katya' in Scotland

A WEEK after we were told that the "permissive society" has failed, it is instructive to be reminded what life could be like before it. Janáček's *Katya Kabanova* is set on the banks of the Volga in 19th-century Russia, where moral rectitude is obsessively observed and any who transgress its rules are ostracised, even hounded to death.

No opera composer has made more headway in public esteem since the war. Every opera company in Britain wants to have some Janáček in its repertoire, especially *Katya Kabanova*, of which Scottish Opera's new production is only the most recent of quite a number. Clearly late 20th-century audiences respond to the theme of a woman who suffers at the hands of the morally righteous. Verdi's *La traviata* was a predecessor, Janáček's Katya is the next down the line, more obviously modern and psychologically intense.

It is that sense of a mind under pressure, of nerve endings sensitive to the touch, which gives Janáček's music its individual voice. The Glyndebourne production of a few years ago caught that aspect particularly well by combining a near expressionist visual style with keen, tense music-making. At the Theatre Royal in Glasgow, the conductor Richard Armstrong prefers to play the music in more conventionally dramatic terms.

In that, he was equally at one with his production, which is beautiful and atmospheric, but the most traditional I have seen. The designer, Richard Aylwin, sees the opera as taking place in a windswept, misty marshland, where people thread their way through pools of water and clumps of bullrushes. There is enough evidence to suggest that Janáček intended the season to be spring. This production made it winter, but no matter. The designs are distinctive and of high quality.

As they suggest, the story is to be taken simply, at face value. There can be few British sopranos who are better suited to the role of the life-loving Katya than Helen Field. Her voice is of the right scale and the personality well suited, but much of what she could offer remains untapped in Mark Brickman's production. At the key moments she is constantly asked to gaze longingly at the sky or throw her arms out wide – not the wrong movements, but so standard, so conventional, where Janáček's unique Katya is asking for something new and fresh.

Between the two men in her life it was difficult to tell the difference. Anthony Roden as her feeble husband and Richard Brunner as the man who brings love briefly into her life were equally burly, nondescript figures, though Brunner should be commended for managing the high tenor part of Boris with so few difficulties. The younger couple of lovers was played with delightful naturalness by Elizabeth McCormack and Iain Paton.

The moral majority is embodied by Kabanicha, the fearsome mother-in-law, who says of poor adulterous Katya that "women like that should be buried alive". Many sopranos turn her into a monster. Elizabeth Vaughan, still possessing a voice of authority, underplayed her – just. The suggestion that she gives her old suitor Dikoy a good whipping was only mildly over the top. The smile of satisfaction as she pulled her son off his dead wife's body made one's stomach sink.

Every word of her short address to the watching crowd at the scene of the suicide was absolutely clear, but then so was most of Norman Tucker's English translation. Whatever its shortcomings, this production tells the story of *Katya Kabanova* very clearly. Any judgment on the issues it raises is left to the audience.

Richard Fairman

Bill Cooper

Helen Field and Richard Brunner as Katya and Boris

Strange operatic affairs in New York

***Paul Griffiths** finds an imp, an icon and a biblical story celebrating New York City Opera's 50th anniversary; meanwhile Boston Lyric Opera put on a spirited 'Puritani'*

ONE WOULD have to be a very loyal supporter of New York City Opera to get excited about the three works it has just staged in celebration of its 50th anniversary. This week-long event was billed as a "World Première Festival", though one of the pieces, Lukas foss's *Griffelkin*, had received its first performance back in 1955, when it was a 50-minute television opera based on a tale his German mother had told him –a boy devil is sent to earth to make mischief, but discovers it is much more fun to be human and good. In that form, as a musical entertainment for children, the piece might possibly have had some usefulness, but expanded to double the length, and spread out over three acts before an audience almost wholly of grown-ups, it turned into an embarrassment.

Foss did not help his work's case by referring to it as "American Mozart". Whatever that might be, this is not it: one might think rather of Bernstein and Menotti, heavily diluted, since the revised score still has a distinctly 1950s sound. One might also think – given that this is the story of an impish boy whose pranks turn sour on him – of *L'enfant et les sortilèges*, though this is to raise the stakes to a point where *Griffelkin* turns to nothing. It has little charm and less wit, and its deficiencies could not be disguised by the effort and skill in the presentation.

Susan Branch provided some cheerful costumes for the things brought to life by Griffelkin's magic; a pair of stone lions, a letterbox, a teddy bear. Diana Daniele did her stuff as hell's grandmother. And Robin Tabachnik gave an outstandingly, sprightly performance as the fooling deamon, though the effect of her bright and unaffected singing was to intensify the wish that we had all been there for the Ravel.

Of the two truly new operas, Ezra Laderman's *Marilyn* had received most of the advance publicity, which is just as well, since nobody is going to be very interested in it afterwards. The libretto was by Norman Rosten, who knew Monroe, and who supplied his composer with a morality play of two-handed scenes in which the central character is seen with others who are mostly types (Photographer, Psychiatrist, Mogul, Senator), mostly male, and, with wearying inevitability, mostly exploitative.

Laderman's music slumbered along beneath all this, occasionally making the effort – doomed – to kick itself into life with a ragtime dance or a rhapsodic love duet: perhaps the intention was to convey the dulled senses of one low on barbiturates and alcohol. Once again, a lot had to be supplied by the performers. Hal France, conducting, gave every sign that he at least thought this a great show. Kathryn Gamberoni, at the centre, was given nothing interesting to sing in a long role, but she created a minor sensation as a *Monroe* look-alike.

Set beside its two companions, Hugo Weisgall's *Esther* was something of a triumph. It worked. It did what it set out to do, which was to project the biblical story straightforwardly and vividly, with music used to give a high definition to each of the characters, through scenes maintaining a decisive musical-dramatic momentum from beginning to end of each of the three acts. There was no pussy-footing about accessibility or eclecticism. Weisgall, at the age of 81 and with nine other operas behind him, goes on writing hard-edged, hard-nosed twelve-note music – the kind of music that maybe Verdi would have written if he had had Schoenberg for a teacher. Charles Kondek's *libretto*, worded with simple clarity and cunning only in its fluid continuity from scene to scene, evidently had provided the composer with stimulus and support.

With three new productions opening on successive nights, it was necessary that all the operas be played on the same elementary set of a few platforms and sliding panels, but the resulting reliance on costume and projection was effective in the case of *Esther*. Lauren Flanigan was excellent in conveying both dramatic fortitude and close maternal warmth in the title part – "perhaps the only true heroine I have ever put on stage", according to the composer.

But, as so often, much of the best music goes to the wicked. Vashti, the vindictive queen whom *Esther* has replaced, has a violent solo scene in the first act, backed by an orchestra of steel, and Robynne Redmon gave it a thrilling go. Also excellent was Allan Glassman as the chief courtier and plotter Haman, showing his strong, dark tenor like a sword.

While the Opera Company of Boston, long and famously run by Sarah Caldwell, is in the doldrums, Boston Lyric Opera has taken up the torch, at least for three bursts of activity spaced through the season. It shares a music director with the Opera Theatre of Saint Louis – Stephen Lord – and seem seems to have caught too the Saint Louis knack of finding excellent young singers and the odd unexpected piece. Last spring *it gave a new chance to Carlisle Floyd's 1958 opera Wuthering Heights*; and it has just performed, for the first time in America, the version of *I Puritani* that Bellini revised for a Naples production that never happened.

The point of the show – as surely it is the point of the piece – is the singing. In Mika Shigematsu the company has an Elvira who, though slight of stature, lacks nothing in presence as a voice. She is beautifully in tune, and so expert in the vocal filigree as to be able to take risks in how she phrases and slurs: most she wins; one or two (low-register upward glissandos that slip from Bellini to Kurt Weill) are more surprising. In colour her basic quality is cold and bright – aptly so for a character touched by the moon – but the effect is softened by her musicality and by her restraint. This is virtuosity at work, not virtuosity on display, and the effect is at once touching and admirable.

There are also excellent performances from Paul Groves as Arturo and from Raymond Aceto as Giorgio. Groves is a cultivated artist, with a sophisticated tone that seems with him to have become natural; only very rarely can a wide leap catch him off balance. Aceto is a real singing bass, and projects the wise uncle as a singer, a man whose assuring balm is music. This is strikingly right for the piece. None of these characters can be imagined as other than vocal beings. Some imagining along those lines had, however, been going on in Nicholas Muni's production, though thankfully not much, and that generally only at the beginnings of scenes, which then appeared to manage themselves with assistance only from the singers and from Lord's spirited conducting.

On the virtues of the Neapolitan version, this production does not have a lot to contribute: the biggest difference is that Riccardo is a tenor, not a baritone, and here he is outshone by Groves's Arturo for the wrong reasons. But with three outstanding and intelligent performers in the principal roles, the opera itself is proudly vindicated.

Chess No 992:
1 Rhe8 g5 2 Rd2 Kxd2 3 Bb4 mate.

TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Working Together. 7.40 Felix the Cat. 7.55 Peter Pan and the Pirates. 8.15 Marlene Marlowe Investigates. 8.35 Tom and Jerry's Greatest Hits. 9.00 Live and Kicking.

12.12 **Weather.**
12.15 **Grandstand.** Introduced by Steve Rider from Wembley. Including at 12.20 Football Focus: A look ahead to this afternoon's FA Premiership fixtures. 12.50 Rugby League Preview. 1.00 News. 1.05 Golf: The Dunhill Cup. England prepare to defend their title with a new team led by Nick Faldo. 2.30 Rugby League: Great Britain v New Zealand. Test match rugby league returns to Wembley for the first time since last year's World Cup Final. *4.35 Final Score.* Times may vary.
5.15 **News.**
5.25 **Regional News and Sport.**
5.30 **Cartoon.**
5.40 **Film: K-9.** James Belushi stars as a cop on the trail of ruthless drug dealers. Comedy thriller, with Mel Harris and Ed O'Neill (1989).
7.15 **Challenge Anneka.** For her final challenge of the series, Anneka travels to the village of Pakrac in war-torn Croatia, where she has just five days to renovate a primary school, taking with her a 30-strong convoy of lorries containing emergency food, medical equipment and baby supplies.
8.10 **Casualty.** A car crash leads to a case of mistaken identity, and a man with an unusual stab wound is admitted to the accident and emergency department. With Derek Thompson, Catherine Shipton and Patrick Robinson.
9.00 **Harry.** Jonathan and Alice are taken hostage at gunpoint by a man desperate to publicise the plight of his seriously ill daughter. Harry learns of the situation and plans to manipulate events to gain a headline story – but things don't go as planned. Michael Elphick is the investigative reporter, with Barbara Marten, Tom Hollander and Ian Bartholomew.
9.50 **News and Sport; Weather.**
10.10 **Match of the Day.** Highlights from two FA Premiership matches, on a weekend that includes Arsenal v Manchester City, and Aston Villa v West Ham.
11.10 **Danny Baker After All.** Unpredictable chat show.
12.00 **Film: The Doberman Gang.** Incompetent crooks train a pack of dogs to rob a bank. With Byron Mabe and Hal Reed (1972).
1.30 **Weather.**
1.35 **Close.**

BBC2

8.15 Open University. 8.55 Macgregor's Scotland. 10.25 Dhoop Kinarey (English subtitles). 11.05 Network East. 11.35 Chanakya (English subtitles).

12.15 **Film: The Paradine Case.** Hitchcock melodrama, starring Gregory Peck, Alida Valli, Ann Todd and Charles Laughton (1947).
2.10 **Civilisation.** Lord Kenneth Clark visits France to examine the architecture of the Abbey of Cluny and the Cathedral of Chartres.
3.00 **Film: Secret Agent.** Hitchcock comedy thriller about two spies who pose as husband and wife in order to carry out an assassination in Switzerland. Starring John Gielgud, Robert Young, Peter Lorre and *Madeleine Carroll (1936).*
4.25 **Golf: The Dunhill Cup.** Coverage of the third round.
5.00 **Chess Fever.** Pudovkin's silent tale about a man so obsessed with chess that he almost forgets his own wedding when an international tournament is held near his home.
5.30 **Late Again.** Highlights from The Late Show.
6.05 **James Cameron: Once Upon a Time.** James Cameron recalls his work as a war correspondent, remembering the millions of people who have died in conflicts over the past 50 years, and questioning man's militaristic tendencies.
6.55 **News and Sport; Weather.**
7.10 **DJ Heaven.** John Peel, Radio One's longest-serving DJ and the guru of the alternative music scene for a generation, introduces Top of the Pops clips featuring music by The Smiths, The Cure, and Orange Juice.
7.40 **World Chess Championships.** Updates on today's moves.
8.10 **Film: Made In Heaven.** Romantic fantasy about a pair of young spirits who meet and fall in love in Heaven, only to have their happiness cut short when she is whisked back to Earth. Timothy Hutton and Kelly McGillis (1987).
9.50 **Mr Wroe's Virgins.** Jane Rogers' true-life drama about 1830s evangelist John Wroe, who offered his flock salvation if they could give him seven virgins to serve his every need. The opening episode shows how the lives of the sensual Leah and the naive Joanna become inextricably linked during their time with the charismatic preacher.
11.20 **Video Diaries.**
12.20 **Golf: The Dunhill Cup.** Highlights of today's action.
1.05 **Close.**

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 **ITN News; Weather.**
1.05 **London Today; Weather.**
1.10 **Movies, Games and Videos.** A review of Dragon: The Bruce Lee Story.
1.40 **Wanted: Dead or Alive.** Josh is forced to kill a young man in self-defence.
2.10 **Film: Pork Chop Hill.** American troops fight to capture a strategically vital hill. Korean War drama, starring Gregory Peck and Harry Guardino (1959).
3.55 **WCW Worldwide Wrestling.**
4.40 **ITN News and Results; Weather.**
5.00 **London Today and Sport; Weather.**
5.15 **Gladiators.**
6.15 **Seaquest DSV.** Pilot episode of Steven Spielberg's sci-fi drama. In the year 2018, the most powerful submarine ever built sets sail on a peacekeeping and scientific mission. With Roy Scheider.
7.40 **The Bill.**
8.10 **Dame Edna's Neighbourhood Watch.** The flamboyant Australian megastar from Moonee Ponds probes the nooks and crannies of a hapless housewife's home.
8.40 **ITN News; Weather.**
8.55 **London Weather.**
9.00 **Circle of Deceit.** Dennis Waterman as an SAS officer assigned to infiltrate the IRA in Belfast. Two years after the murder of his wife and son by terrorists, John Neil emerges from retirement and assumes the identity of a recently deceased Irishman. However, his attempts to win the trust of IRA leader Liam McAuley are jeopardised when he falls for the man's widowed daughter, who opposes her family's violent methods. With Derek Jacobi, Peter Vaughan and Clare Higgins.
11.00 **Badge Of The Assassin.** An investigation into two police murders bring up some surprising conclusions. With James Wood and Alex Rocco (1985).
12.45 **The Big E.**
1.40 **Get Stuffed; ITN News Headlines.**
1.45 **It's Bizarre; ITN News Headlines.**
2.45 **The New Music.**
3.45 **European Nine Ball Pool Masters.**
4.45 **BPM; Night Shift.**

CHANNEL4

6.00 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 Sign On. 12.30 pm Lata, In Her Own Voice.

1.05 **American Chronicles.** A unique view of two unusual sports, developed from different traditions – football country in Ohio, and the annual Head of the Charles regatta in Boston. Narrated by Richard Dreyfuss.
1.40 **Racing from Newmarket.** Coverage of the 1.50 Bedford Lodge Hotel Bentinck Stakes, 2.20 Olivier Douieb Memorial Stakes (H'cap), 3.00 Tote Cesarewitch (H'cap), and the 3.40 Dubai Champion Stakes.
4.00 **World Chess Championship.** The latest moves from today's Short v Kasparov game.
4.50 **Racing Update.** The latest news from today's fixtures.
5.05 **Brookside; News Summary.**
6.30 **Right to Reply.**
7.00 **God: For and Against.** Sheena McDonald presents the second in a series of theological debates, this time focusing on the seeming incompatibility between Darwin's theory of evolution and the Christian view that God created the universe.
8.00 **World Chess Championship.** Carol Vorderman introduces live coverage of the Nigel Short v Garry Kasparov match at the Savoy Theatre in London. Commentary by British Grand Masters Raymond Keene, Jonathan Speelman and Daniel King, and twice British Women's Chess Champion Cathy Forbes.
8.30 **Whose Line Is it Anyway?** Improvised comedy sketches, with funnymen Jim Sweeney, Paul Merton, Steve Steen and Tony Slattery.
9.00 **The Camomile Lawn.** Calypso (Jennifer Ehle) captures a rich fiance and decides to marry in spectacular style, while Oliver (Richard Johnson) continues his sexual quest. Passionate drama, also starring Felicity Kendal, Paul Eddington and Tara Fitzgerald.
10.05 **Rory Bremner: Who Else?** Topical humour with the man of many faces as he subjects the world's news to scrutiny with a little help from John Bird and John Fortune.
10.45 **Film: Too Late Blues.** Emotional drama, written and directed by John Cassavetes, with Everett Chambers (1962).
12.45 **World Chess Championship.**
1.15 **The Emigrants.** (English subtitles).
3.15 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 The Littlest Hobo. 1.35 COPS. 2.05 Ice Pirates. (1984) 3.45 The A-Team. 5.00 Anglia News and Sport 8.55 Anglia Weather. 11.45 Souvenir. (1987)

BORDER: 12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Kick Off. 1.40 Granada Sport: Action. 5.00 Border News and Weather 5.10 Sports Results. 11.45 Souvenir. (1987)

CENTRAL: 12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Knight Rider. 3.00 The A-Team. 5.00 Central News 5.05 Goals Extra. 8.55 Local Weather. 11.45 Passions. (1984)

GRAMPIAN: 12.30 Pick a Number. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus An Zee Zone. 2.35 Tomas Tolteach 'S A Charaidean. 2.40 Cuirm Ciolnne. 2.50 Movies, Games and Videos. 3.20 Zorro. 5.00 Grampian Headlines 5.05 Grampian News Review. 8.55 Grampian Weather. 11.45 Souvenir. (1987)

GRANADA: 12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Kick Off. 1.40 Granada Sport: Action. 5.00 Granada News 5.05 Goals Extra. 11.45 Souvenir. (1987)

HTV: 12.30 Movies, Games and Videos. 1.05 HTV News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 Cartoon Time. 2.25 Target Risk. (TVM 1975) 3.45 The A-Team. 5.00 HTV News and Sport 8.55 HTV Weather. 11.45 Souvenir. (1987)

HTV Wales as HTV except: No variations.

MERIDIAN: 12.30 Movies, Games and Videos. 1.05 Meridian News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '93. 2.10 At the Earth's Core. (1976) 5.00 Meridian News. 11.45 Blood From the Mummy's Tomb. (1971)

SCOTTISH: 12.30 Movies, Games and Videos. 1.05 Scotland Today. 1.10 Telefios. 1.40 Calptean Planaid. 2.10 Calptean Zed Agus An Zee Zone. 2.40 Vet School. 3.10 The Sullivans. 3.40 The A-Team. 5.00 Scotland Today 8.55 Scottish Weather. 11.45 Out There.

TYNE TEES: 12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Munsters Today. 2.05 True as a Turtle. (1956) 3.45 Baywatch. 5.00 Tyne Tees Saturday 11.45 The Graduate. (1967)

ULSTER: 12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Nigel Mansell's IndyCar '93. 1.50 Movies, Games and Videos. 2.20 The Monkey's Uncle. (1965) 5.00 UTV Live News 5.05 Saturday Sport. 8.55 UTV Live News 11.45 Souvenir. (1987)

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.05 Westcountry Weekend Latest. 1.10 Nigel Mansell's IndyCar '93. 1.40 The A-Team. 2.35 Cartoons 2.55 Dinosaurs. 3.25 Anybody Out There? 5.00 Westcountry Weekend Latest. 11.45 Souvenir. (1987)

YORKSHIRE: 12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Munsters Today. 2.05 True as a Turtle. (1956) 3.45 Baywatch. 5.00 Calendar News. 11.45 The Graduate. (1967)

SUNDAY

BBC1

7.25 The High Chaparral. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day. 10.00 See Hear! 10.30 Winning. 11.00 Careering Ahead. 11.30 Measure for Measure.

12.00 **Blooming Bellamy.** David Bellamy visits Scotland where he finds an unusual use for moss, and discovers the medicinal properties of malt whisky.
12.30 **CountryFile.** Rural and agricultural issues.
12.55 **Weather for the Week Ahead.**
1.00 **News.**
1.03 **On the Record.** The week's political news.
2.00 **EastEnders.**
3.00 **Film: Five Card Stud.** Western with Dean Martin as a gambler who turns detective to solve a series of bizarre killings. With Robert Mitchum (1968).
4.40 **Stay Tooned.** Cartoon fun.
5.05 **Nanny Knows Best.** In the final programme, Nanny Smith celebrates her 71st birthday and catches up on the progress of the families she has helped over the past six weeks.
5.35 **Children in Need: Pause for Pudsey.** Terry Wogan, Sue Cook and Andi Peters follow preparations for the 1993 appeal which takes place on November 26th.
5.45 **The Clothes Show.** The latest designs from Paris, and a trip to EuroDisney to look at new clothing ideas for children.
6.10 **News.**
6.25 **Songs of Praise.**
7.00 **Keeping Up Appearances.**
7.30 **Lovejoy.** A stolen cross leads Lovejoy to Wales where he gets caught up in a mystery involving druids, standing stones and strange lights in the sky.
8.20 **Birds of a Feather.**
8.50 **News and Weather.**
9.05 **Screen One: Wall of Silence.** Bill Paterson and Warren Mitchell star in this mystery about a brutal murder and cover-up in a London Jewish community. Written by Laurence Marks and Maurice Gran.
10.35 **Heart of the Matter.** A debate on whether the age of consent for British gay men, currently the highest in Europe at 21, should be reduced.
11.10 **Shoulder to Shoulder: Lady Constance Lytton.** Drama set in 1908 following the life of pioneering suffragette Constance Lytton, daughter of the Viceroy of India. With Judy Parfitt.
12.25 **The Sky at Night.** A look at fibre optics and their use in modern astronomy.
12.45 **Weather.**
12.50 **Close.**

BBC2

7.25 Paddington Peas. 7.35 Playdays. 7.50 System 93. 8.15 The All-New Popeye Show. 8.40 Blue Peter. 9.25 Albert the 5th Musketeer. 9.50 Jonny Briggs. 10.10 Rugrats. 10.30 Grange Hill. 10.50 Growing Up Wild. 11.20 Futurecooks. 11.45 The O Zone. 12.00 Stingray. 12.25 pm Gunsmoke. 1.15 The Phil Silvers Show.

1.40 **The Living Soap.** Fly-on-the-wall documentary following the lives of six students living together in Manchester.
2.00 **Golf: The Dunhill Cup.** The closing stages of the international team competition from St Andrews. Subsequent programmes may run late.
5.10 **Rugby Special.** Coverage of the CIS Insurance Divisional Championship, as the North take on London and the south-east, and the south-west play the Midlands.
6.10 **A Passion for Angling.** Chris Yates and Bob James discover a lake containing a huge carp, and set out to reel it in. Last in series.
7.00 **The Money Programme.** The changing face of food retailing – is an all-out price war imminent between large supermarket chains and their competitors?
7.40 **John Noakes: The Final Challenge.** The first of two programmes celebrating the 35th anniversary of Blue Peter.
7.50 **World Chess Championships.** Round-up of the week's moves.
8.25 **Here's One I Made Earlier.** Vintage Blue Peter clips including the brief-but-memorable appearance by Lulu the elephant, and contributions from John Noakes and Biddy Baxter.
9.05 **How Low Can You Go?** Howard Schuman explores the world of low-budget film-making in New York.
9.20 *Wax Cracks Hollywood. Off-the-wall documentary in which Ruby Wax tries to make her name in Tinseltown, helped by Billy Crystal, Joe Mantegna and Katherine Helmond.*
9.50 **Filmworks.** *New series. Robert McKee introduces tonight's classic movie.*
10.00 **Film: The Terminator.** Arnold Schwarzenegger stars as an indestructible android from the future who leaves a trail of havoc when sent to the 20th century on a murderous mission. James Cameron's sci-fi thriller, also featuring Linda Hamilton and Michael Biehn(1984).
11.45 **Golf: The Dunhill Cup.** Highlights of today's team final.
12.25 **Tales from Borges: The South.** New series. First of five films based on short stories by Jorge Luis Borges (English subtitles).
1.25 **Close.**

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning. 12.30 pm Crosstalk; London Weather.

1.00 **ITN News; Weather.**
1.10 **Walden.** Political interviews.
2.00 **Heidi.**
2.30 **The Sunday Match.** Crystal Palace v Wolves. Matthew Lorenzo and Ian St John introduce live coverage of the Division One match from Selhurst Park. Commentary by Brian Moore, with reporter Jim Rosenthal. Plus, Gabriel Clarke provides a goals round-up.
5.00 **Murder, She Wrote.**
6.00 **London Tonight; Weather.**
6.20 **ITN News; Weather.**
6.30 **Dr Quinn: Medicine Woman.**
7.30 **Heartbeat.** One of Nick's fellow officers is suspected of burglary, and Greengrass plans a new money-making scheme. With Nick Berry and Bill Maynard.
8.30 **You've Been Framed!**
9.00 **London's Burning.** Blue Watch try to rescue a man trapped in a cold store, but the freezing temperatures hinder their efforts. With Glen Murphy, James Hazeldine and Richard Walsh.
10.00 **Hale and Pace.** Near-the-knuckle comedy with the award-winning duo.
10.30 **ITN News; Weather.**
10.40 **London Weather.**
10.45 **The South Bank Show.** An interview with 73-year-old blues singer John Lee Hooker, who first made his name in 1948 with the *million-selling single Boogie Chillen.* From his home in San Francisco, the musician who has captivated a new generation of listeners talks about his Mississippi roots, and the success of such all-star collaborations as The Healer, and Mr Lucky. With contributions by BB King, Mick Jagger, Van Morrison and Robert Cray.
11.45 **Sail the World.** The competitors head for South America, where Uruguay is the next stop at the end of a tough first leg.
12.15 **Cue the Music; ITN News Headlines.**
1.10 **War of the Worlds; ITN News Headlines.**
2.05 **Derrick.**
3.15 **Pro-Box Classics.**
4.10 **Island Son.**
5.00 **Crusade in the Pacific.**

CHANNEL4

6.00 Early Morning. 9.15 Wowser. 9.45 Laurel and Hardy. 9.50 Dog City. 10.15 Beat That Sport. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.45 **Film: The Private Life of Henry VIII.** Charles Laughton gives an Oscar-winning performance as the 16th century monarch in Alexander Korda's classic, with Elsa Lanchester (1933).
2.30 **Contact High.** Light-hearted German animation about contact lenses.
2.45 **Football Italia.** Action from a top match in Serie A. Fixtures include Milan v Foggia, Sampdoria v Roma, and Torino v Inter; **News.**
5.05 **World Chess Championship.** Last week's play from the Savoy Theatre in London. Introduced by Carol Vorderman.
6.00 **Teenage Health Freak.**
6.30 **The Cosby Show.**
7.00 **Equinox.** A profile of aircraft carrier USS Theodore Roosevelt and the dangers faced by 6000 sailors, marines and pilots who serve on board. The cameras follow combat crews as they patrol the Mediterranean and struggle to enforce the no-fly zone over Bosnia, despite the ever-present threat of budget cuts by politicians in Washington.
8.00 **Classic Motorcycles.** The scooter boom of the 1950s, when Vespas and Lambrettas took Italy's jet-set by storm.
8.30 **Screaming Reels.** Nick Fisher goes fishing with TV funnyman Paul Whitehouse.
9.00 **Witness.** New series. Documentary in which a group of neo-Nazis allow themselves to be taken on a journey across Europe, unaware their destination is the site of the Auschwitz concentration camp. This controversial debut film by Mark Cousins and Mark Forrest marks the return of Channel 4's strand of programmes about personal belief.
10.00 **Film: *Drugstore Cowboy.*** Premiere. Gus Van Sant's powerful drama about a gang of drug addicts who maintain their habit by robbing pharmacies and hospitals. With Matt Dillon, Kelly Lynch, James Le Gros and William S Burroughs. Part of the Made in the USA season (1989).
11.55 **Film: Fairy Tale for Seventeen-Year-Olds.** Drama set in wartime Vietnam, following a high-school student who fantasises about a boy she has never met. Directed by Nguyen Xuan Son (1986).(English subtitles).
1.15 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Help. 12.55 Anglia News. 2.00 Nigel Mansell's IndyCar '93. 2.30 Anglia Sport Special. 5.00 Bullseye. 5.30 Anglia at War. 6.00 Anglia News on Sunday 10.40 Anglia Weather.

BORDER: 12.30 Gardener's Diary. 12.55 Border News. 2.00 An Alligator Named Daisy (1957) 3.35 Highway to Heaven. 4.30 Scotsport. 5.30 Go for Goal. 6.00 Border Week. 6.15 Border News.

CENTRAL: 12.30 Take 15. 12.45 Central Newsweek. 12.55 Central News 2.00 1st Night. 2.25 21 Years of Emmerdale. 2.50 The Central Match – Live. 5.20 Life Goes On. 6.15 Central News 10.40 Local Weather. 11.45 Prisoner: Cell Block H.

GRAMPIAN: 11.00 Sunday Service. 11.45 Eikon. 12.00 Sunday Morning. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Golf Links. 2.30 Highway to Heaven. 3.30 Nigel Mansell's IndyCar '93. 4.00 Sail the World. 4.30 Scotsport. 5.30 The Business Game. 6.00 Put it in Writing. 6.15 Grampian Headlines 10.40 Grampian Weather. 11.45 Love at First Sight.

GRANADA: 12.25 Close to the Edge. 12.55 Granada News 2.00 Highway to Heaven. 3.00 Cartoon Time. 3.10 The Hindenburg. (1975) 5.15 Go for Goal. 5.45 Animal Country. 6.15 Granada News

HTV: 12.30 HTV News. 12.35 HTV Newsweek. 2.00 Inner Journeys. 2.45 The West Match. 3.40 You Know What Sailors Are. (1954) 5.15 Dinosaurs. 5.45 Anybody Out There? 6.15 HTV News. 10.40 HTV Weather. 11.45 Wanted: Dead or Alive.

MERIDIAN: 12.30 Seven Days. 12.50 Meridian News. 2.00 Cartoon. 2.15 Wanted: Dead or Alive. 2.45 Sunday Sport Live! 5.15 Dinosaurs. 5.45 The Village. 6.15 Meridian News. 11.45 Serve You Right.

SCOTTISH: 10.15 Wemyss Bay 902101. 11.00 Link. 11.15 Sunday Morning. 11.45 Sunday Service. 12.30 Eikon. 12.45 Weir's Way. 12.55 Scotland Today. 2.00 The Assisi Underground. (1984) 4.00 21 Years of Emmerdale. 4.30 Scotsport. 5.30 The Business Game. 6.00 The Box. 6.15 Scotland Today 11.45 Sunday Morning.

TYNE TEES: 12.25 Lives in Focus. 12.50 Tyne Tees Newsweek. 2.00 Life Goes On. 2.55 The Tyne Tees Match. 5.20 21 Years of Emmerdale. 5.50 Tyne Tees Weekend. 11.45 The Trials of Rosie O'Neill.

ULSTER: 12.30 Gardening Time. 12.55 UTV Live News 2.00 Bullseye. 2.30 Brand New Life. 3.25 Police Six. 3.35 Sparkling Cyanide. (TVM 1983) 5.15 Murder, She Wrote. 6.10 Witness. 6.15 UTV Live Evening News 10.40 UTV Live News

WESTCOUNTRY: 12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 2.00 Children's Island. 2.30 Life Goes On. 3.30 21 Years of Emmerdale. 4.00 Sail the World. 4.30 The Westcountry Match. 5.15 Highway to Heaven. 6.15 Westcountry Weekend Latest. 11.45 Marquee Anniversary: Alexis Korner and Friends.

YORKSHIRE: 12.25 Nawrang. 12.50 Calendar News. 2.00 Life Goes On. 2.55 Your Match. 5.20 21 Years of Emmerdale. 5.50 Calendar News. 10.40 Local Weather. 11.45 The Trials of Rosie O'Neill.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Two on the Town. 5.00 Cinema 2.
5.30 Nick Barraclough. 6.00 Bob Holness Requests the Pleasure. 7.00 Salutations. 7.30 Classic Broadway.
9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3

6.55 Weather. 7.00 Record Review. Mozart, Fine, Saint-Saens, Honegger, Martin, JC Bach, Janacek, Beethoven, Debussy, Chopin, Tchaikovsky.
12.00 Spirit of the Age. 1.00 News.
1.05 Replay. 1.25 John Ireland. Overture: Satyricon; Concerto Pastorale; Piano Concerto in E flat.
2.25 Monteverdi's Madrigals. A selection from Monteverdi's Second Book of Madrigals.
2.55 Delme Quartet. Haydn and Schubert.
3.55 Live from Covent Garden. Die Meistersinger von Nurnberg. Wagner's epic comic opera in three acts.
9.40 Studio Three: With a Nod and a Bow. By Simon Gray. Jack Shepherd stars as spy George Blake. 10.30 Chick Corea. Solo recital by the pianist in the Royal Festival Hall. 12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4. News, issues.
9.30 Breakaway.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box. Personal finance.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers?
2.30 Playhouse. Allan's Horse, by Marilyn Morris.
4.00 What If?
4.30 Science Now.
5.00 The Living World.
5.25 Fourth Column. Last in series.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre: Holy Fool. By Peter Roberts.
9.20 Music in Mind.
9.50 Ten to Ten. A reading, hymn and reflection by Canon Eddie Neale.
10.00 News.
10.15 Liar Birds and Talking Ducks.
10.45 The World of Anthony Trollope.
11.00 Richard Baker Compares Notes.
11.30 Deadlock.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
8.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Hopalong Cassidy.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.06 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.10 The Way Out.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 News; British News: The World Today. 7.30 Europe Today. 8.00 Newsdesk. 8.30 People and Politics. 9.00 News; Words of Faith; *A Jolly Good Show.* 10.00 News; Business Report: Worldbrief. 10.30 Personal View. 10.45 Sports Round-up. 11.00 Printer's Devil; Jazz Now And Then; Letter From America. 11.30 Waveguide. 11.40 Book Choice. 11.45 From The Weeklies. 12.00 Newsdesk. 12.30 BBC English. 12.45 Mittagsmagazin: News in German. 1.00 News; Words of Faith; Multitrack Three. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News Summary; Sportsworld. 4.00 News; Sportsworld continued. 5.00 News; British News; BBC English. 5.30 Heute Aktuell: News in German. 6.00 News Summary; Omnibus. 6.30 BBC English. 7.00 Newsdesk. 7.30 Heute Aktuell: News in German. 8.00 News in German. 9.00 News; Words of Faith; Personal View; Jazz For The Asking. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports Round-up. 12.00 News; Words of Faith; Book Choice; A Jolly Good Show. 1.00 Newsdesk. 1.30 The John Dunn Show. 2.00 News Summary; Play of the Week: Brighton Beach Memoirs. 3.00 Newsdesk. 3.30 From Hoplite To Harrier: A Radio History Of Warfare. 4.00 News; British News; Sports Roundup. 4.30 From Our Own Correspondent. 4.50 Write On.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Black Magic.
4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3

6.55 Weather. 7.00 Sacred and Profane. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters.
1.00 News. 1.05 The Sunday Concert. 2.45 Purcell: Sonatas in Four Parts. 3.00 Young Artists' Forum. 4.30 Chants of Russia. 5.30 Purcell: Sonatas in Four Parts. 5.45 Making Waves.
6.30 Wolfgang Holzmair. Mendelssohn, Schumann, Schubert. 7.30 Sunday Play: Damned for Despair. By Tirso de Molina, translated by Lawrence Boswell.
8.00 Music in Our Time. Music from the London Musicians Collective's Festival of Experimental Music. 10.00 Choir Works. Berlioz and Verdi. *12.30 News. 12.35 Close.*

BBC RADIO 4

6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday. Religious news.
8.50 David Jacobs. Appeals on behalf of the British Legion Poppy Appeal.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Cut the Mustard.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial: On the Eve. Turgenev's romantic novella in two parts.
3.30 Pick of the Week.
4.15 Analysis.
5.00 John Walters in a Surrey Cemetery.
5.30 Poetry Please! Simon Rae looks at the BBC2 programme Poets' News.
6.00 News.
6.15 Pennine People.
6.30 The Great Game. Richard Vaughan explores Northern Pakistan.
7.00 In Business.
7.30 Cult Classics.
8.00 Against the Odds.
8.30 Opinion. The role of the judiciary in government.
9.00 The Priestland Memorial Lecture.
10.00 News.
10.15 City Lights, City Shadows.
11.00 Conversation Piece.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 World Service.
8.30 Mark Curry's Weekend Edition.
9.30 Tuth in Dark Places.
10.00 Johnnie Walker.
11.30 Simon Fanshawe's Sunday Brunch.
1.40 Open Forum.
2.00 Writers' Weekly.
2.30 Room 101.
3.00 Sunday Sport.
6.00 Speaking Up.
6.30 Choosing a School.
7.00 Sportsdesk.
7.15 Money Talk.
7.45 In Other Words.
8.00 Italianissimo I.
8.30 Mitchell Am Rhein.
9.00 Restart French.
9.30 Black Museum.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 German Sunday Feature. *6.30 Composer Of The Month: Giacomo Puccini.* 7.00 News; *British News; Printer's Devil.* 7.30 Jazz For The Asking. 8.00 Newsdesk. 8.30 From Our Own Correspondent; Write On. 9.00 News; Words of Faith; Ray On Record. 10.00 News; Business Review. 10.15 Short Story: The Birdman. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 In Praise Of God. 12.00 Newsdesk. 12.30 BBC English. 12.45 News and Press Review in German. 1.00 News Summary; Play of the Week: Brighton Beach Memoirs. 2.00 Newshour. 3.00 News Summary; The State Of The States phone-in. 4.00 News; Concert Hall. 5.00 News; British News; BBC English. 5.30 News in German. 6.00 News; Business Review; BBC English. 7.00 Newsdesk. 7.30 News in German. 9.00 News; Words of Faith; Folk Routes. 9.30 Europe Today. 10.00 Newshour. 11.00 News; British News; Meridian. 11.45 Sports Round-up. 12.00 News; Business Review; Ray On Record. 1.00 Newsdesk. 1.30 In Praise Of God. 2.00 News Summary; Dot, Dot, Dash; Turning A Blind Eye. 2.45 American Pioneers. 3.00 Newsdesk. 3.30 Composer Of The Month: Giacomo Puccini. 4.00 News; British News; Sports Roundup. 4.30 Anything Goes.

CHESS

HE'S DONE it at last. Nigel Short's game 16 victory at London's Savoy theatre was his first win against Gary Kasparov in the PCA world championship, and also broke a dismal run of 28 draws and losses against the Russian stretching back seven years.

Short still trails 6-11, yet this is now an honourable defeat. His inability to handle Kasparov's Ruy Lopez caused most of his early reverses, but the Briton's 6 Bc4 against the Sicilian Defence in turn exposed a Kasparovian weakness.

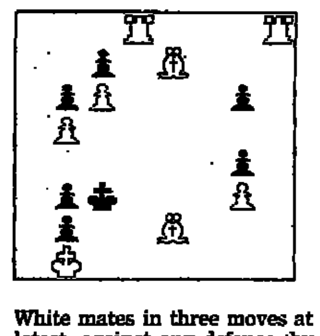
It is not that the champion gets bad openings, just that Bc4 acts as a red rag which induces him to charge into dubious melwees. Short is 1-0 up with five draws in the Sicilians.

(N. Short, white; G. Kasparov, black; 16th game).

1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 a6 6 Bc4! e6 7 Bb3 b5 8 0-0 Be7 9 Qf3 Qc7 10 Qg3 Nc6 11 Nxc6 Qxc6 12 Re1 Bb7 13 a3 Rd8 14 f3 0-0 15 Bh6 Ne8 16 Kh1 Kh8 17 Bg5 Bxg5 18 Qxg5 Nf6 19 Rad1 Rd7 20 Rd3 Rfd8 21 Red1 Qc5 22 Qe3 Kg8. The press room expected Qxe3 23 Rxe3 d5, piece exchanges, shake hands, stop the clocks and sign the score-sheets.

23 Kg1 Kf8 24 Qf2 Ba8 25 Ne2 g6?. Provocatively weakening his king. 26 Nd4 Qe5 Kasparov had missed e5 27 Rc3 Qa7 28 Nc6 Qxf2+ 29 Kxf2 Rc8 30 Nxe5!27 Re1 g5 28 c3! An imaginative regroup. From here to the end is Short's best chess of the match. Kg7 29 Bc2! Rg8 30 Nb3 Kf8 31 Rd4 Ke7 32 a4 h5 33 axb5 axb5 34 Rb4 h4 35 Nd4 g4 36 Rxb5 d5 37 Qxh4 Qh5 38 Nf5+! Resigns. exf5 39 exf5+ Kf8 40 Qxf6 is three pawns up with Rb8+ threatened.

No 992



White mates in three moves at latest, against any defence (by F. Giegold, 1975). White is two rooks and two bishops up and black is down to his last pawn move, yet this might take you a long time to solve.

Solution Page XXII

Leonard Barden

BRIDGE

TODAY'S hand comes from *rubber bridge and shows the* declarer failing to over-come a well planned defence by East.

	N	
	♠ A 10 7	
	♥ J 8 2	
	♦ J 5	
	♣ A K Q 8 3	
W		E
♠ 5		♠ K 8 3
♥ 7 6 5 3		♥ K 10 9 4
♦ Q 10 4 2		♦ A K 8 7 3
♣ 10 9 6 5		♣ 2
	S	
	♠ Q J 9 6 4 2	
	♥ A Q	
	♦ 9 6	
	♣ J 7 4	

At game all North dealt and opened with one club, East doubled and South said one spade. North correctly raised to two spades. South's four spades ended the auction.

West started with the two of diamonds, the king won and East switched to club two, an *obvious singleton. He would* take the first or second round of spades with his king, lead a diamond to West's presumed *queen and ruff a club to put* the contract one down. The declarer saw the danger of the club ruff and played ace and another spade, hoping to strip East of the suit. But East won the second round of spades, led a diamond to the queen, and ruffed the club return.

Let us look more deeply into the position and replay the hand. East must hold both major suit kings, and he could well hold three spades. Can we avoid the ruff? Yes. We win the club with the queen, lead a heart, finesse the queen and cash the ace. We cross to the spade ace and play the heart knave, East covers and we throw our diamond nine.

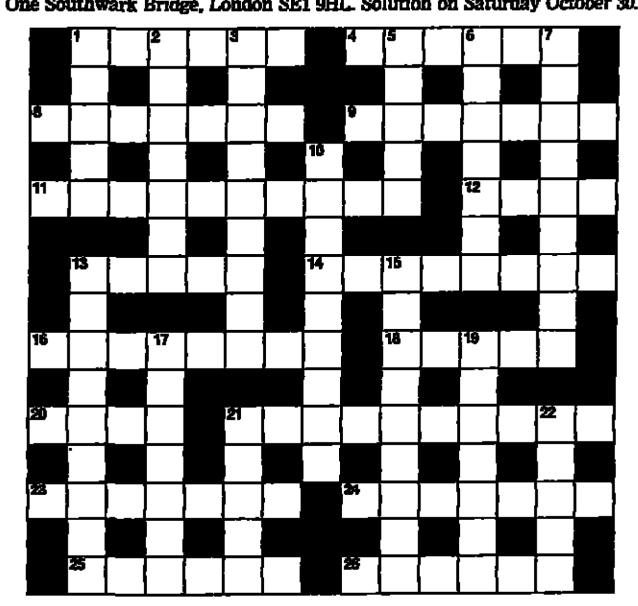
We have operated a Scissors Coup, cutting the enemy lines of communication. West cannot gain the lead for the lethal club return. This may seem complicated but the double by East has shown us the way – *his hand is an open book.*

E P C Cotter

CROSSWORD

No. 8,281 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday October 27, marked Crossword 8,281 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 30.



ACROSS
1 Deter superior retired gent? (3,3)
4 A French lodge free from obstruction (6)
8 Investment, the subject of our times, say? (7)
9 Minor planet without a chemical compound (7)
11 Material of a Norfolk jacket? (10)
12 First man to be a mother? (4)
13 Round of applause of colossal volume (5)
14 Gaunt and worn, abed possibly (8)
16 How golfer may lose a stroke that is useful to tennis-player . . . .? (4,4)
18 . . . . well pitched up? Wait! (5)
20 Station bar (4)
21 *Part income that makes interest* (10)
23 Smoke that produces carbon, damaging hooter (7)
24 Widow's contribution in hat is restricted (7)
25 This part of the salad is hard to toss (6)
26 Native, possibly, with nothing to say? (6)

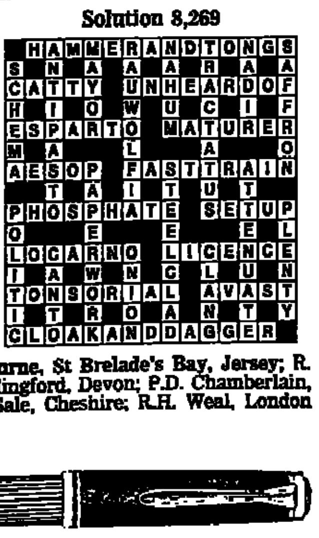
DOWN
1 Aforementioned head of monastery (5)
2 Hard labour for Virginia in shadow (7)
3 Flannel used to confront the clergy (4-5)
5 Negative church leaders in the nick (5)
6 Storm that has split a party (7)
7 Hip replacement, just now, a popular hobby? (9)
10 Heavy rounds laid at one's entrance (9)
13 Brick that carries people off? (9)
15 Wily, later permutation that *comes up on the pools* (5-4)
17 Peer about in flat, decorated . . . . (7)
19 . . . . practical sort is later turned out (7)
21 Chains carried in links? (5)
22 Lucid about King of Britain (5)

Name..

Address..

Solution 8,280

Solution 8,269



WINNERS 8,269: Mrs J.M. Lambourne, St Brelade's Bay, Jersey; R. Belton, Dublin; L.A. Blunden, Shillingford, Devon; P.D. Chamberlain, Rushden, Northants; J.C. Towle, Sale, Cheshire; R.H. Weal, London SE12.

Private View / Christian Tyler

The man who put religion back in Russia


Tony Andrews

THREE *babushki* peering through a picket fence at the rubble of a dynamited church changed the life of Michael Bourdeaux. He was serving as an Anglican curate in Middlesex when his former tutor passed him *samizdat* documents obtained via Paris. The documents described how a group of Orthodox monks in the Ukraine, branded by the Communist authorities as homosexual, drunk, parasitic vagrants, had been evicted from the Pachaev Lavra monastery and dumped in the forest.

The curate decided to investigate.

He was a Russophile who had learned the language as an 18-year-old national serviceman. After modern languages and theology at Oxford he had spent a year at Moscow University among the children of the Soviet élite, one the first British students to profit from a cultural agreement between Nikita Krushchev and Harold Macmillan.

"I had no agenda, no illusions," he says of that time. "Some of my very best friends were members of the Komsomol. What I learned about Russia I did not learn from books but from conversations with ordinary people – plus my own two feet."

One of the things he learned was that Krushchev, to appease hardliners upset by his denunciation of Stalin, had instituted a campaign of religious repression fiercer than anything since the 1930s.

So when the *samizdat* fell into his hands four years later, in 1964, he sought out friends in Moscow. They directed him to the ruins of the church of St Peter and Paul, blown up the previous week.

"The atmosphere on the square was appalling. Everyone was frightened. Around the rubble there was a wooden fence and some old women were looking through. I went up to one of them and asked: 'Can you tell me what's happened?'

"She jumped." Canon Michael Bourdeaux threw his arms in the air to illustrate. "I said: 'I am a foreigner. If you're afraid, don't worry, I won't talk to you.' She turned to me: 'Afraid? On the contrary, we need you.' She put her arm on my shoulder and said 'Come with us.'"

Keeping a discreet distance, Bourdeaux followed the women to a house in the suburbs. They asked him why he had come to Russia. He said he was a Christian who wanted to find out about the persecution. Pressed further, he told them about the Ukrainian documents.

"They asked who wrote them. I named the three authors. They just collapsed in tears and said: 'We wrote those documents.'"

To discharge this personal commission, as he calls it, Canon Bordeaux decided that, rather than campaign, he should set up an academic research body to monitor religious freedom in what was then the Soviet bloc. He and Keston Research are acknowledged experts and, although financially depleted by the collapse of Communism, continue to watch developments.

But Bordeaux, who devoted his life to the cause of religious freedom, is today disappointed to the point of bitterness by events in post-Communist Russia.

"One of the great moments of human history has been missed," he told me this week. "It was the great ecumenical opportunity of the 20th century and it's been blown because of the hardness of the attitude of the Orthodox hierarchy. They were quite unprepared for freedom."

Is that because they were puppets of the old regime?

"Only a number, a very small number. But there was a kind of Soviet mind-set within the hierarchy. When the system collapsed they felt the great moment had arrived for re-establishing the unchallenged supremacy of Orthodoxy.

"That's not how it is, and it's not how it's going to be in the future Russia. Russia is going to be a pluralistic society. I love deeply the Orthodox church and its tradition but I do not love its attitude."

The Russian Orthodox is at loggerheads with the Roman Catholics and alarmed by the success of western evangelical sects – especially dollar-backed American imports. Its leaders have been pressing Boris Yeltsin to sign a statute passed by the demolished parliament that would recreate a state watchdog body, require religions to re-register and restrict the proselytism of the interlopers.

If the mediation of Patriarch Alexi II had not failed, and the tanks not moved against the White House, that law might be in force.

Aren't some manifestations of the religious revival rather ugly: the nationalism, for example?

'I used to say Christians only wanted to improve things in society, not overthrow it. I must have said that hundreds of times in public. Now I am not quite sure I was right' – ***Canon Michael Bourdeaux***

"What you describe is the fringe of a fringe. That has nothing to do with the heartbeat of Orthodoxy. Pamyat (the ultranationalist movement) uses religion for its own purposes."

What about anti-semitism?

"That has got slightly further into the churches. I have heard Russian bishops come out with anti-semitic remarks which would be totally unacceptable in a western society, and they are not even aware of what they're saying. There is anti-semitism. It's there in Russian society."

Is religion not a disruptive factor in a country trying to achieve democratic stability?

"I couldn't agree with that. Because religion, at least potentially, is a uniting factor rather than a divisive one. What one looks for, but at the moment doesn't find, is a Christian leadership which says Christians are going to be very positive."

Isn't Russian Christianity rather primitive?

"I think the answer to that has to be a qualified 'yes'. This is not entirely its own fault. There was a great element of superstition in it before the Revolution, alongside a lot that was good. The ethics and morals were admirable. Communism threw out the superstition and threw out the good as well.

"Christianity actually led the way in the democratic process in Russia," he continued. "It played a far greater role in keeping the flame of freedom alight than you realise."

Religious dissidents, including Jews, had helped inspire secular democrats in and out of prison, he said. Lithuanian demonstrators shot on the streets of Vilnius in 1991 were all Christians.

So the Kremlin was right to fear Christianity?

"I used to say Christians only wanted to improve things in society, not overthrow it. I must have said that hundreds of times in public. Now I am not quite sure I was right."

What Bourdeaux fears most is an alliance between former communists – "even the best like Yeltsin" – and the would-be theocrats of the Orthodox Church. "I would be terrified of that, a unity between church and state."

You'd get a sort of fascism?

"Yes, you could have a kind of Russian nationalist fascism, backed by the church. There are elements in the church that would welcome it."

Do you believe that only religion can provide the moral basis for democracy?

"The human race has not evolved any more stable or satisfactory system of governing a society than one where the basic social morality is based on the Christian faith.

"There is a tremendous possibility for implementing precisely that in Russia today. That is why I am so profoundly disturbed and shocked that the different Christian groups are not able to work with each other."

Do you mean atheism is not a moral position?

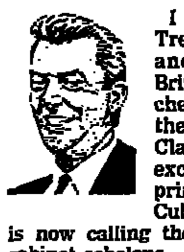
"I would say yes to that. Individual atheists have a strong individual morality – I wouldn't dream of saying otherwise. But there is no sufficiently common set of principles within humanism or atheism for society as a whole."

Does that mean our increasingly atheistic democracies in the West will fail?

"Don't ask me to analyse our own society," the canon replied. "But what disturbs me is this tremendous instability. The Church – and I don't see where else it's going to come from – has been unable to give young people a kind of social cohesion. I don't see that our politicians are solving that problem – and certainly our church leaders are not solving it either."

Mousse ado about nothing

Michael Thompson-Noel



I WAS called into the Treasury this week for another briefing by Britain's best-known trencherman and voluptuary: the cube-shaped Kenneth Clarke, chancellor of the exchequer and *de facto* prime minister. It is Mr Cube, not John Major, who is now calling the shots in the highest cabinet echelons.

This was my second meeting with the chancellor, and it went just like the first. We ate and drank enormously, and laughed until the tears ran.

"Help yourself to a groaning platter," said the chancellor when I greeted him, "and don't spare the horses, hah hah hah hah hah." As usual, there was a huge walnut sideboard on each side of his desk, the first bearing an extensive display of traditional English foodstuffs, the second buckling under the weight of assembled ciders and ales.

"Only the best English fare," shouted the chancellor cheerily. "None of that muck from Anton Mosimann. Pulses and grains? Organic protein? Meat-free recipes? Spinach gnocchi? Shrimp and veggie couscous? Don't make me weep. Have some of that hot-pot with a splodge of boiled tongue. There is Christmas pud for afters. You haven't heard it's Christmas? It's *always* Christmas here! Dear oh dear gorblimey! Get yourself stuck in, lad."

After an hour of this fun, I tried to steer the chancellor towards a brief chat about the economy. But you can't stir Mr Cube. Fire a toy gun at the chancellor and he retaliates with ballistic missiles.

I said: "Are you worried about the economy? What about those pundits who reckon you have an easy escape route from your public deficit nightmare?"

"F'instance?"

"Well, Anatole Kaletsky, who wrote recently that release from the public deficit nightmare – using the word ironically – was readily available, just as it was from the 'nightmare' of the ERM. He recommends four things: 'Cut interest rates sharply; raise taxes moderately, but in politically uncontroversial ways; allow the pound to float; and keep down the growth of unit wage costs.' Ideally, says Anatole,

HAWKS & HANDSAWS

you should slash interest base rates by three full points to take them back to levels last seen in the 1950s. Why don't you do that, chancellor? Are you a man or a mousse?"

"Kaletsky Smaletsky!" roared the chancellor. "You're both as daft as pegs. I have told you before, lad: the only things wrong with the economy are things inside your head. You go around in a dream. I *assume* you're taking pills. Double the dose at once, lad. There *was* a period of roughness. A breeze across the millpond. But all of that's behind us. The economy is a success. The country's in finest fettle, roaring away like the clappers. How many times must I tell you?

"All these cut-and-run johnnies who are telling me to slash interest rates, slash this, slash that, haven't an ounce of political nous or any traction in the real world. Dear oh dear gorblimey! What is needed now, and for years and years ahead, is stolidity and gumption. A firm hand on the tiller. No one rocking the boat. Steady as she goes, lad. Try that orange custard. It's one of Mrs Raffald's, from 1769. Yummie yummie yum-yum."

Sveltely, I changed the subject. I said: "Do you still expect us to believe that John Major has your undiluted loyalty?"

The chancellor replied mock-gruffly: "My position is perfectly clear. I stand four-square behind John Major."

"With a machete in your hand?"

"With a bottle of halibut oil."

Given that Mr Cube is now the *de facto* prime minister, I sought to quiz him on a number of other topics that ought to be close to a paramount leader's heart. I said: "How do you think the government is doing in terms of foreign policy?"

"Absolutely splendidly," he said. "An unsung renaissance."

"Defence?"

"Positively wonderfully."

"Trade?"

"Quite brilliantly."

"Social and welfare policy?"

"Nine out of 10."

"Health?"

"Inexpressively marvellously."

"Crime?"

"Undeniably promisingly."

"Arts?"

"I believe we can say magnanimously."

"Sport?"

"Without a doubt excitingly. Have you tried that shortcake? It's *soaked* in peach liqueur."

Vote Labour next election? I do not see how we could dare.